THE JOURNAL OF HOSPITALITY FINANCIAL AND TECHNOLOGY PROFESSIONALS

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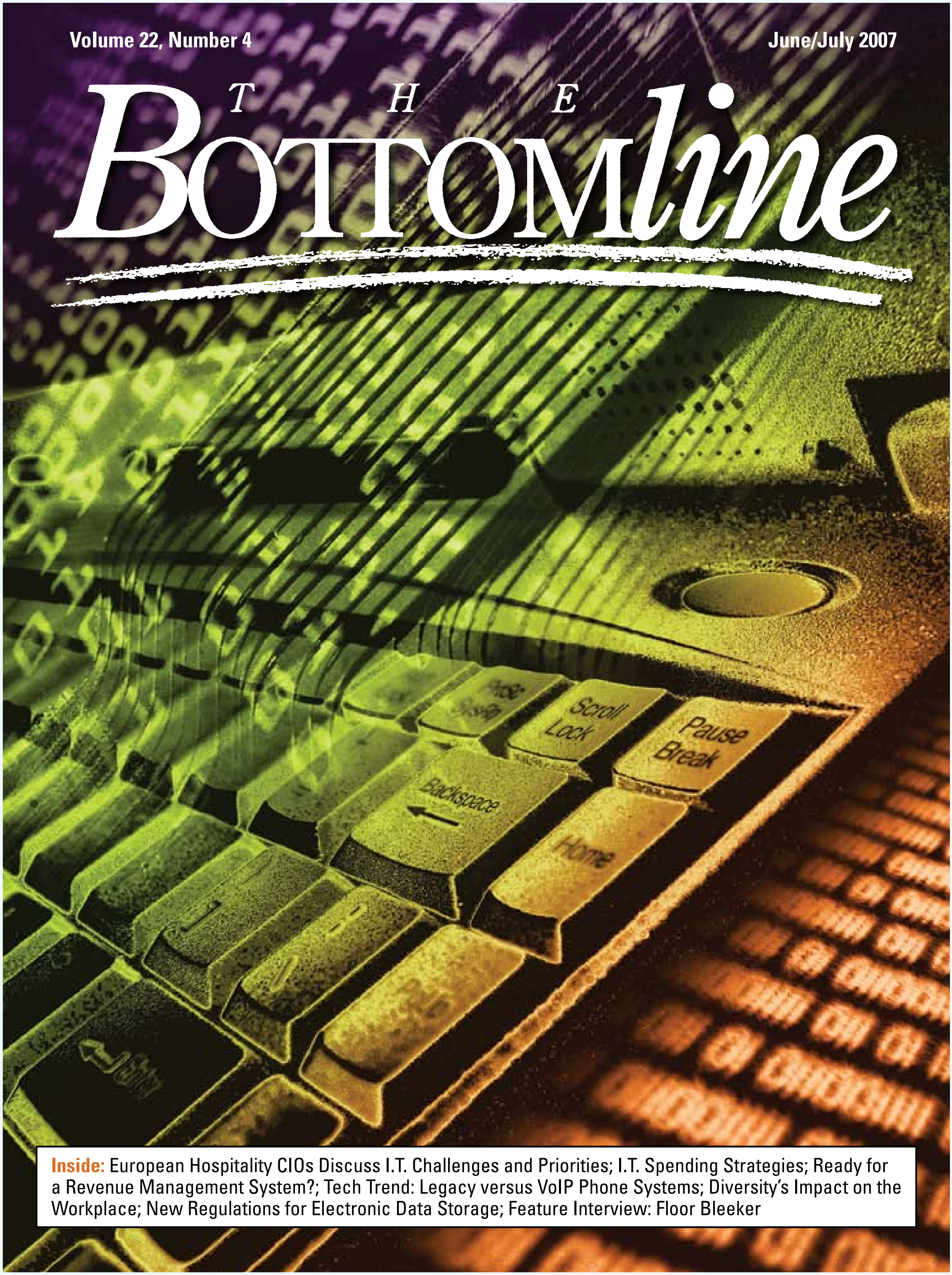
THE BOTTOMLINE



Inside: European Hospitality CIOs Discuss I.T. Challenges and Priorities; I.T. Spending Strategies; Ready for a Revenue Management System?; Tech Trend: Legacy versus VoIP Phone Systems; Diversity's Impact on the Workplace; New Regulations for Electronic Data Storage; Feature Interview: Floor Bleeker

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Submissions and Inquiries

Individuals interested in submitting an article for publication should contact the editor. *The Bottomline* is a peer review journal. All materials submitted for publication are reviewed by members of the editorial review board or recognized experts in the field.

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THE BOTTOMLINE

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HFTP BUILDS A BRIDGE TO HONG KONG

Education and networking fill the agenda

DeFranco represents HFTP in Hong Kong

Top-left — DeFranco and Wolfe (center-right) present the new Hong Kong Polytechnic University Student Chapter with their charter. *Top-right* — Dr. Bob McKercher, professor at The School of Hotel and Tourism Management at Hong Kong Polytechnic University presents DeFranco with a plate commemorating the school's 25th anniversary. *Bottom-left* — DeFranco works with members of the Hotel Controllers and Accountant Association of Hong Kong.

May is a month of celebration in the world of higher education as commencement ceremonies take place at various campuses. At the same time, the month of May was also a month of celebration for HFTP, as the association had many accomplishments in Asia.

First on the list is the charter of the HFTP student chapter at the Hong Kong Polytechnic University. Frank Wolfe, CAE, HFTP executive vice president, and I traveled to Hong Kong last month to join the students at their inauguration ceremony. At the same time we also attended HOFEX 2007 (Asian International Exhibition of Food & Drink, Hotel, Restaurant & Foodservice Equipment, Supplies & Services). HOFEX is the Asian version of the International Hotel/Motel & Restaurant Show in New York, as many countries showcase their products to buyers in Asia. On the first day, Frank presented a GUESTROOM 2010 slideshow to the General Managers Forum. The presentation highlighted the numerous technologies featured in the model hotel room which debuted at HITEC 2006 in Minneapolis. Frank gave his presentation again on the second and third day of the show, which attracted a large number of hoteliers from all over Asia, especially China. At the end of the second presentation, a Chinese hotel owner approached us about the CHTP certification, expressing his interest in getting certified. As he said, the CHTP is the only hospitality certification that he could find in the world!

While Frank was making his third GUESTROOM 2010 presentation at HOFEX, I was with the Hotel Controllers and Accountant Association of Hong Kong, presenting a session on the *Uniform System of Accounts for the Lodging Industry* and Cost Control. The group is very interested in working with us to produce a companion piece to the *Uniform System*, helping to better standardize hotel accounting in Hong Kong and China. Both Frank and I were also interviewed by WIWIH.com where we spoke about GUESTROOM 2010, HFTP and HITEC.

On the last day of our trip, we returned to the Hong Kong Polytechnic University once again. Frank gave the GUESTROOM 2010 presentation to the research students, faculty, designers and architects as the university is slated to open a four- to five-star hotel by 2010. I had the honor to work with the university's hotel and tourism faculty in the afternoon when we discussed teaching.

Another successful result from this trip was the finalization of plans for the brand new Asian Hospitality Financial and Technology Conference. The conference, which will be produced with the HFTP Asia Chapter, will be co-located at FHA 2008 (Food&HotelAsia), April 22 – 25, 2008 at the Singapore Expo Center in Singapore.

It was wonderful to meet with both practitioners and academics on this trip. It is also a wonderful feeling to see that anywhere in the world, we all have similar goals. The practitioners in the U.S., Europe, Canada and Asia are passionate about their work. They want to find ways to do their job better and advance the industry. Along the same vein, educators are no different. We want to provide proper education to the next generation, so that the practitioners will have a quality supply of future employees. We also like to work on projects, from the *Uniform System* to other research projects, providing a service to our great partners.

This month comes HITEC 2007 and the second incarnation of Guestroom 2010, which will feature multiple new technologies, promising to be another show stopper.

Agnes DeFranco

Agnes DeFranco, Ed.D., CHAE, is a professor at the Conrad N. Hilton College at the University of Houston in Houston, Texas.

Q&A from the HFTP Research Institute

ELECTRONIC DATA STORAGE

New regulations dictate how long companies need to keep information and communications

Question:

I heard there are new regulations regarding the storage of electronic media. Can you explain the new rules and what I need to do to implement them at my property?

Answer:

You are correct, new rules have been implemented which impact how a company stores electronic data. The new rules were put into action by the U. S. Supreme Court in April of 2006 and went into effect on December 1, 2006 (*Preimesberger, 2006*). These rules pertain to e-discovery of critical evidence which where instituted as changes in the Federal Rules of Civil Procedure, specifically Rules 16, 26, 33, 34, 37 and 45 (*O'Neill, Behre, & Nergaard, 2007*). This is the first time that the Federal Rules of Civil Procedure have changed to address electronically stored information and the "obligations of parties to address e-discovery issues" (*O'Neill, et al., 2007*). It is rumored that the push for the new rules came about in 2000, when Al Gore, the vice president at the time, could not produce e-mails for the Department of Justice pertaining to fund-raising activities (*Preimesberger, 2006*).

The new regulations require businesses engaged in federal court proceedings to be able to quickly find electronic data requested by the federal court. Electronic data may be in the form of e-mail, instant messages, financial statements, voice mail, databases and any other type of information stored electronically (*Preimesberger, 2006; O'Neill, et al., 2007*). Other topics addressed by the new rules include what constitutes electronically stored information; the format in which electronically stored information is produced; parties' obligations to disclose electronically stored information; limits on discovery of not reasonably accessible electronically stored information; the inadvertent production of privileged materials; and the consequences of the good faith loss or deletion of electronically stored information (*O'Neill, et al., 2007*).

The U.S. Supreme Court has put a time limit of 30 days to be able to produce any type of electronic data relevant to a court case (*Preimesberger, 2006*). The rules state any "relevant" data; therefore, companies must also identify and divulge any electronically stored data that has not been requested, but could be relevant to the case (*Perkins, 2007*). There is an out to this part of the rules if a company can prove that providing the evidence will cause the company an undue burden or excessive costs (*Perkins, 2007*). Even though the company may not have to produce the actual document, they still have to introduce into evidence that the document exists. The Rules state that this data is "not reasonably accessible," but many legal experts are debating what exactly this means and they will have to continue to guess until a legal precedent has been set. The accessibility of data will be determined by the "cost and burden of producing the information, which typically will be driven by the extent which such data must be restored, converted, or otherwise manipulated electronically

Continued on page 8.

Steps to Complying with the New E-discovery Rules

1. **Inventory Electronically Stored Data:** Company lawyers should gain a close working relationship with the I.T. department and have a thorough understanding of the company's electronically stored data. A game plan should also be devised on how to search and produce the different types of documents in case litigation arises.
2. **Implement, Review and Monitor Retention Policies:** Companies should follow industry standards when determining a retention policy for electronic documentation.
3. **Develop Litigation Response Procedures:** These procedures should include information on what electronic documents are being stored and which are being deleted and why. The procedures should be distributed to all relevant personnel and updated on a regular basis. (*O'Neill, et al., 2007*)

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Continued from page 6.

before it can be reviewed or analyzed" (*O'Neill, et al., 2007*). The court encourages the involved parties to come to an agreement on this during the negotiation period.

The federal rules also state that businesses engaged in litigation must agree on exactly what type of electronically stored evidence needs to be produced no later than 30 days before the first court date (*Priemesberger, 2006*). The companies then have 120 days to produce all of the required documents in a form that is "reasonably usable" (*Perkins, 2007*). The format should be agreed upon in early negotiations. This clause is included in the rule in case companies utilize a proprietary software system unavailable to those requesting the data.

Many companies will wonder if they need to keep every piece of electronic data that is ever produced in an extensive database. The rules state that it is acceptable to delete documents in the course of regular business (*Priemesberger, 2006*). That brings up another question: What does "regular business" mean? Rule 37 states that when the loss of electronically stored data is due to the "routine, good faith" operation of an information system, then the loss can be under the umbrella of "regular business" (*O'Neill, et al., 2007*). "This exception recognizes the unique nature of many sources of electronically stored information, which are subject to automatic deletion or overwriting in the normal cause of business" (*O'Neill, et al., 2007*). Many lawyers are being advised to hire computer forensics specialists to access deleted or encrypted data that may otherwise not be found using normal search procedures (*Perkins, 2007*).

Of course, the changes in the Federal Rules of Civil Procedure greatly impact the way businesses store information electronically. Companies now have to be able to search all of their electronic documentation in a timely manner. These regulations have created demand for new storage hardware and software which identifies, classifies, and retrieves unstructured data such as e-mail (*Preimesberger, 2006*).

The rules may also cause complicated problems for multinational corporations who have to comply with regulations of several different countries. For example, e-mail regulations instituted by SEC Rule 17a–4 conflict with European privacy laws (*Perkins, 2007*). Lodging companies with locations around the world have already had to face many of these challenges when storing guest data. Companies must be careful when storing electronic data and comply with individual country regulations.

The information in this article is intended to provide a general overview of the new Federal Rules of Civil Procedure pertaining to e-discovery. As with any legal issues, competent legal advice should be sought while preparing to comply with the regulations. If you have any questions about this article contact the HFTP Research Institute.

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CHAPTER PROFILE

HFTP GREATER PUGET SOUND

40 Years in the Northwest

The HFTP Greater Puget Sound chapter provides a great blend of education and networking. Top, The Greater Puget Sound Chapter Board (l to r): Rick Braa, Lori Richardson, Rory Testa, Jessica Vint, Kevin Fisher and Pean Lim. Middle: March 2007 chapter meeting which combined dinner and an educational presentation. Bottom: Particpants at the Greater Puget Sound Chapter's first Amazing Race Seattle competition.

Celebrating 40 years since its 1967 charter, The HFTP Greater Puget Sound Chapter remains vibrant by continuing to seek out new programs and ideas, while keeping its traditions alive. The 85-member chapter is a collection of hospitality professionals who together create a group characterized by enthusiasm, energy, community-spirit and professionalism — making chapter meetings always something to look forward to.

Puget Sound encompasses the Seattle-Tacoma, Wash. region. It is a prosperous area with numerous major corporations headquartered there, including Amazon.com, Boeing, Microsoft and Starbucks. With tourism ranked as Washington's fourth largest industry, the hospitality industry is thriving. Known as an outdoor paradise, Puget Sound has 500 square miles of water, 1,400 miles of shoreline and some 300 islands. In addition, nearby Mt. Baker and Mt. Rainier offer year-round recreation. The state's wine industry is growing at an enormous rate, and is currently the second largest wine producer in the United States, just behind California. Urban attractions include Seattle's Space Needle and Pikes Place Market, and Tacoma's Glass Museum and Art Museum, as well as state of the art hotels, such as Hotel 1000 and the Pan Pacific Seattle Hotel.

Reflecting on the first-two decades of the chapter, former chapter president — twice over — Dennis Miller, CHAE, describes the chapter's functions in the early days as similar to those today. Having joined in 1973, he explains that back then the chapter members would decide on a theme for the year, as well as plan multiple educational meetings and social events. Customs that started then still remain today, with meetings annually held at the Sorrento Hotel, Inn at the Market and the The Fairmont Olympic Hotel.

Today, the chapter follows a similar plan, but keeps its activities fresh by focusing on its strategic plan which encompasses four major goals — membership growth, membership satisfaction, communications and education. Each goal is staffed with a committee that involves several individuals within the chapter.

One successful way the chapter has accomplished its goals has been to step-up the quality of its education presentations. Six years ago, the chapter board increased its speaker budget to provide for well-regarded speakers, and since then its average meeting attendance is 50 plus. This year presentations have included Cyber Crime given by Wenlock Free of Security Metrics; Internal Controls given by Jerry Trieber from Hersha Hospitality; Conflict to Communication given by Marilyn Sherman of UpFront Presentations; and What Controllers Need to Know about I.T. given by Rory Testa of Pro Sports Club. Coming up is Risk Management given by Jan Schnabel of Marsh Insurance; Accounting & Auditing Update given by Lori Richardson of Moss Adams and Jason Filippini, Clothier & Head; Liars Exposed given by Philip Maltin, Silver & Freedman.

To offer team-building and networking opportunities, the chapter designs unique professional and social activities. Going on for several years now, the chapter has held a Vendors Expo along with its business meeting in January. Each year the expo has grown larger, with more vendors setting up displays, and attendees having a chance to learn about numerous products and services available to them. It also provides a valuable opportunity for members to meet face-to-face with representatives of the various companies in attendance.

July is slated for the chapter's teambuilding event. For the past two years, it has held the successful Amazing Race Seattle. The competition, similar to the TV show, divided members into teams onsite who were then given $20 and 90 minutes to complete a course. This year the chapter has organized the Hospitality Olympics, which will turn what members do every day into an evening of frivolity. Events include: a 10-key contest, clearing tables, making beds and serving drinks.

The peak of the chapter's 40th Anniversary celebration will be this August, the month the chapter normally hosts a social event. This year's will be extra special, with chapter leaders expecting many old and new members to be in attendance. While the location has been disclosed — the deck of the Inn at the Market — most other details are being kept under wraps.

Excelling at education and networking is not the limit to the chapter's reach. The group also uses its resources to annually help an area charity. Every year the chapter selects a "Charity of Choice," which it will then provide for for the duration of the year. Last year the selected organization was the Leukemia and Lymphoma Society. This year is dedicated to FareStart whose mission is to provide a community that transforms lives by empowering homeless and disadvantaged men, women and families to achieve self-sufficiency through life skills, job training and employment in the food service industry. The chapter contributes to its selected charity by selling one dollar raffle tickets at every chapter meeting, with the proceeds split between the raffle's winner and the selected charity. It will also volunteer at FareStart's "Guest Chef Night" in January 2008, when chapter members will be bussers and servers for the evening.

HFTP Puget Sound 2006 – 2007 Board and Directors

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David Giles
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Pean Lim, CHTP
Principal
Twin Trees, LLC

The chapter's great efforts have lead to a successful word-of-mouth method for recruitment. Most of its current members have come from others in the chapter who have brought colleagues and business contacts to a meeting. While members bring them in, chapter leaders are working on various techniques to impress visitors and have them return. Such techniques include providing "First-time Attendee" ribbons for name tags which help chapter members identify the newcomer, and will in turn make the visitor feel comfortable at the meeting. After the meeting, the chapter president sends out a thank you note to first-time attendees. This year the chapter has raised the bar by challenging members to bring a new colleague to at least two meetings.

When chapter members were asked what makes the chapter unique, a similar reply was given — the group offers an interesting and dynamic blend of personalities who are all dedicated to helping each other out and promoting HFTP.

"The hospitality industry allows us to take people's most basic needs of food, beverage and lodging and blend them into a uniquely memorable experience," says Marney Zellers, Greater Puget Sound chapter member and a consultant with Marney Zellers Restaurant Coaching & Consulting. "This magic is well-represented through the people in the Greater Puget Sound Chapter of HFTP. Our members have a natural desire to reach out to and inspire each other and the community. Every time I participate in an HFTP meeting or program I take something with me to share in my work and community, and I strive to give something equally special."

10th Revised Edition USALI Highlights

Undistributed Operating Expenses, Management Fees and Fixed Charges

The Financial Management Committee of the American Hotel and Lodging Association (AH&LA), in conjunction with HFTP, has released the 10th edition of the *Uniform System of Accounts for the Lodging Industry* (USALI). Throughout 2007, the Financial Management Committee will provide a series of columns highlighting the major changes found in the *10th edition*. This month, we feature Undistributed Operating Expenses, Management Fees and Fixed Charges.

- Security, Human Resources and Information Systems can be created as departments, but must be summarized and reported on the Administrative and General line on the Summary Operating Statement.
- New categories have been added to the Administrative and General Department for Centralized Accounting Charges and Corporate Office Reimbursables.
- Transportation Expenses directly related to transporting guests are now reported as an expense of the Rooms Department, unless guest transportation is operated as a revenue-generating department and meets the criteria set forth under Other Operated Departments, in which case the cost of guest transportation is shown in Other Operated Departments.
- Franchise fees are included in the Marketing Department. However, the fees paid for licenses other than the hotel brand (such as fees paid for a restaurant or coffee brand) are expensed to the appropriate operating department using the brand in an account named “Royalty Fees.”
- Revenue will not be credited to the Property Operations and Maintenance Department. Instead the revenue must be credited to an operating department. Costs will also be transferred to the operating department. For example, the revenue and expenses associated with the installation of electrical outlets for a trade show exhibition will be reported in the Food and Beverage Department.
- Sewer costs and fees are reported on a separate line item in the Utilities Department.
- Management Fees are a separate line item on the Summary Operating Statement, and reported as a deduction from Gross Operating Profit in arriving at Income Before Fixed Charges. It represents the aggregate amount of both Base and Incentive Management Fees.
- Taxes on Utilities have been moved to the Utilities Department.
- Insurance, which includes property, liability insurance, professional liability, theft and other incidental lines of coverages and the associated deductible costs for each line of insurance is reported under Fixed Charges and includes the costs of uninsured and under-insured losses. Employee-related insurance costs for workers compensation coverage is included in Employee Benefits costs in the appropriate departmental schedule. This section also includes the costs of legal settlements and audits which result in changes to the underwriting assumptions used to assess premiums. ■

To purchase a copy of the 10th Edition of the *Uniform System of Accounts for the Lodging Industry*, please visit the web site of AH&LA's Educational Institute at www.ei-ahla.org.

CALENDAR

For more information about HFTP events and CHAE/CHTP reviews and exams, please call (800) 646-4387 or 001 (512) 249-5333, or visit www.hftp.org.

CHAE & CHTP Reviews and Exams
August 19, 2007
Sheraton Charlotte Airport Hilton
Charlotte, N.C.

Assistant Controllers Conference
August 19 – 20, 2007
Sheraton Charlotte Airport Hilton
Charlotte, N.C.

CHAE & CHTP Reviews
September 27, 2007
Bay Head Yacht Club
Bay Head, N.J.

2007 HFTP Leadership Academy
October 16 – 17, 2007
Hyatt Regency Jacksonville Riverfront
Jacksonville, Fla.

CHAE & CHTP Reviews and Exams
October 17, 2007
Hyatt Regency Jacksonville Riverfront
Jacksonville, Fla.

2007 HFTP Annual Convention & Tradeshow
October 17 – 20, 2007
Hyatt Regency Jacksonville Riverfront
Jacksonville, Fla.

EHTEC 2008
February 10 – 12, 2008
Amsterdam Hilton
Amsterdam, The Netherlands

Asian Hospitality Finance and Technology Conference
April 22 – 25, 2008
Singapore Expo Center
Singapore

HITEC 2008
June 16 – 19, 2008
Austin Convention Center
Austin, Texas

2008 HFTP Annual Convention & Tradeshow
September 24 – 27, 2008
Gaylord Opryland Resort and Convention Center
Nashville, Tenn.

HOSPITALITY TECHNOLOGY AWARD OF MERIT

HFTP Recognizes Five Industry Pioneers

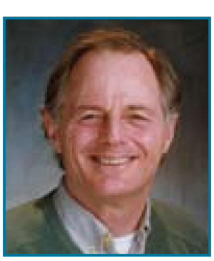
HFTP is proud to announce Joyce Christmas, William Duncan, Ed Hollinshead, Joseph Marko and William Sullivan as the 2007 Hospitality Technology Award of Merit recipients. The award, presented every five years, recognizes individuals who have made a significant innovation or breakthrough that established a path for others in hospitality technology. Created in 2002, The Award of Merit is intended to create a historical bridge between the present and the industry's origins by recognizing those who have made contributions that greatly impact the industry to this day. Recipients were selected by inductees to the HFTP International Hospitality Technology Hall of Fame, a group of industry professionals who have already been recognized for their influence on the industry.

Joyce Christmas

Christmas was recognized for her three decades of coverage and promotion of hospitality technology via the industry newsletter, *The CKC Report*.

"In the early days, when every existing hospitality industry publication was mostly silent on the subject of technology, Joyce and *The CKC Report* filled the knowledge gap about what was really happening in this brave new world," said John Cahill, CHTP, CHA, the 1993 inductee to the Hospitality Technology Hall of Fame. "She made it easy for the entire hospitality industry to understand how the proliferation of technology was changing how we all would do business in the future."

She served as an author, editor and manager of the publication which was published by Chervenak, Keane and Co., a hospitality consulting firm. She was also very active on the HFTP Editorial Advisory Council, serving as editor of the annual June technology issue of *The Bottomline* magazine.



William (Bill) Duncan

Duncan was recognized for his work with hotel sales automation.

"Bill's push to increase the effectiveness of sales and catering software placed the technology at a new level," said David Berkus, a 1998 Hall of Fame inductee. "Broadening the communication between multiple properties and corporate offices via enterprise software eliminated numerous inefficiencies across the board."

Duncan helped grow Newmarket Software Systems from a seven-person operation to a global software company employing hundreds. In 1994, he founded Daylight Software, Inc. to develop an advanced enterprise-level sales and catering software solution for the hotel industry, using integrated communications over the Internet to link hotels, call centers, corporate offices and customer sites. "It used to be that a hotel technology company could start on a boot-strap basis and become a major player," said Duncan. "Everyone knew each other and the hotel technology heads. Software purchase decisions and license agreements were pretty unsophisticated compared to the months and years of back-and-forth required now."

Ed Hollinshead

Hollinshead was recognized for his contributions to hospitality automation systems development.

"Ed's pioneering designs of CRT-based property management systems set the stage for all that followed," said Jon Inge, CHTP, ISHC, a 2006 Hall of Fame recipient.

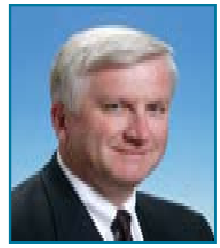
As co-founder with Jack Morgan and Jerry Freedman of Morgan International (which became Micor) in 1969 he designed the first automated room status reporting system to use a CRT display, followed by the first successful PMSs, the Micor II and Micor III, which were adopted by Marriott and Hyatt in the early-'70s. He continued to provide technical leadership and guidance at Galler Hospitality Systems, CompuSolv, HIS, Fidelio USA and RezSolutions, and as an independent consultant. "It was a very exciting time for me," said Hollinshead regarding his early days in the industry. "The opportunity to learn about hoteliers' ideas and needs, and filling those needs with emerging technologies was more fun than work."

Joseph A. Marko

Marko was recognized for his work in sales automation.

"Joe Marko's contributions to hospitality technology spans 20 years in more roles than some people have in an entire career," said Jules Sieburgh, CHTP, a 1998 Hall of Fame inductee and the HFTP International Treasurer. "He has always been a great advocate for both the end-user and the developer of hospitality systems."

While at Sheraton, in conjunction with David Troy, VP of sales and marketing, Marko conceived, designed and implemented (with the help of many) one of the industry's very first Sales Office Automation Projects (SOAP), introducing a high level of automation. Marko also introduced Fidelio to the Americas as founder, chairman and president of Fidelio USA. He was also influential in promoting the spread of hotel systems while at Micor and Philips Hotel Systems. "Over the 25 years that I spent in hotel technology, I certainly gave it my total dedication. It is nice to be recognized for something that you put your heart and soul into. I am very proud of the accomplishments of all of the companies I was involved with."



Bill Sullivan, CHTP

Sullivan was recognized for his expertise in hospitality systems design and operations.

"Bill Sullivan has been a true champion for hospitality technology," said Richard Brooks, a 1997 Hall of Fame inductee. "Unlike many others, though, Bill is not a specialist. He has been a leader in hotel and restaurant, and is perhaps best known for his work with club technology. He has been a true 'Man for all Systems' in our industry."

Sullivan worked for 31 years at the DuPont Co. in Wilmington, Del. where he spent considerable portions of his career in DuPont's hospitality operations. He is now an adjunct instructor at the University of Delaware, where he teaches a Hospitality Practicum course. Sullivan is also the managing director of the Courtyard Newark at the University of Delaware and the University Conference Centers. "One of the great pleasures in my life is to teach young students and employees about how technology can be used to improve financial performance and to improve service to our guests," said Sullivan.

2007 HFTP International Hospitality Technology Hall of Fame Inductee

John Springer-Miller

With the creation of SMS | Host, a property management system that integrates guest services, John Springer-Miller changed the face of hospitality technology by creating a guest-centric approach to software. For his contributions to the hospitality industry, HFTP will induct Springer-Miller into the International Hospitality Technology Hall of Fame at the HITEC 2007 Opening Session on Tuesday, June 26 at the Orange County Convention Center in Orlando, Fla.

"The Hall of Fame is, perhaps, the greatest honor one can receive in this industry," said Springer-Miller. "I am honored to be recognized on the same level as the previous Hall of Fame inductees."

Springer-Miller is CEO of PAR Springer-Miller Systems (SMS), which he founded in 1984. Springer-Miller saw a void in property management systems in the hospitality industry and felt a need to fill it by providing software that is customer oriented and allows properties to collect detailed information to enhance the guest experience. This software, SMS | Host, was created in 1986 and was nationally launched at HITEC in 1989.

Thanks to SMS | Host software, hotels are able to save customer preference information for future visits and increase time management by providing a one-stop shop. Guests can call the hotel, and with a single point of contact, make hotel reservations, set a spa appointment, reserve a golf tee time, book a dinner reservation, inform the hotel about any special needs and more.

"Another visionary concept that Springer-Miller brought to our industry was the users group," said Terry Price, CHAE, CHTP, CPA, executive IT manager at The Grove Park Inn Resort & Spa and secretary of the HFTP international board. "Most software companies have a users group, however, he felt that the users group should be owned and operated by the users, not the software company. Springer-Miller helped organize the Hosts User Group which is owned, operated and managed by the users and welcomes this group's voice in steering the direction of the software. The success of this venture is self-evident in that many companies are trying to replicate this model."

In 2004, SMS was acquired by Par Technology Corporation to become PAR Springer-Miller Systems. Currently there are five offices around the world in Stowe, Vt., Las Vegas, Nev., London, Toronto and Kuala Lumpur, Malaysia.

The International Hospitality Technology Hall of Fame is HFTP's highest level of recognition in the area of technology. Since its inception in 1989, 28 individuals have received this award as a reflection of their contributions to the hospitality industry. Hall of Fame members have been selected by their peers as representing the best in innovation and application and as leaders in their profession. Visit www.hftp.org/halloffame to view all of the Hall of Fame inductees.

WHAT'S ON THE AGENDA IN 2007?

European Hospitality CIOs Discuss their Biggest I.T. Challenges and Priorities

By Peter O'Connor, IMHI

The common perception of technology use in the hotel sector seems to be highly conservative, with archaic legacy systems running on ancient hardware, with I.T. professionals having a hard time justifying each dollar of spending to owners or management companies. In Europe, with its high proportion of smaller and independent hotels, most people feel that the situation is even grimmer, with investments in I.T. regarded as a necessary evil, rather than an activity that adds value.

Are such perceptions valid? The little research available today tends to be exclusively U.S.-focused. To address this, as part of the preparations for EHTEC (the first European Hospitality Technology Educational Conference organized by HFTP in January 2007), I spoke with a large number of industry professionals about the state of hospitality I.T. in Europe, the Middle East and Africa. The study focused on three interconnected issues — the challenges of managing hospitality I.T. systems in this region; participants' priorities for 2007 and beyond; and the barriers that could be foreseen to achieving these objectives. Interviews were carried out by telephone with 18 CIOs / SVPs of technology of hotel chains operating in the region during the month of January 2007. Initial results of the survey were presented at the EHTEC conference, and more detail is included in the discussion below.

HITEC 2007 Speaker

Monday, June 25

3:15 – 5:15 p.m.

Successful Web Strategies for Hotel Distribution

Challenges Managing Hospitality I.T. in an International Setting

As can be seen from Chart 1 (page 18), participants identified a very diverse range of issues. Before discussing each in depth, it's worth pointing out that most are interconnected, not only with each other, but also with the priorities and barriers discussed later.

The biggest challenge, noted by practically all participants, is the lack of an appropriate communications infrastructure to support desired systems functionality. The challenge here lies not with infrastructure within any particular country (although as will be seen, this too can be problematic), but that there is no single supplier who can provide appropriate services on a global or even a regional basis. As a result, hotel companies have to work with different vendors in each country, some of whom are state monopolies, and thus not very responsive to customer needs. Expansion plans, especially towards Eastern Europe and the Middle East, exasperate this problem.

Having an appropriate communications infrastructure is particularly important, as many hotel companies want to move at least some of their core systems above property level or to integrate property level systems with centralized systems (*see later section*). Achieving this is highly dependent on having a good quality and reliable communications infrastructure. Partici-

Peter O'Connor, IMHI is a professor at the Essec Business School in Cergy-Pontoise, France. He is also a member of the HFTP Editorial and HITEC Advisory Councils.

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Regional Director of I.T.
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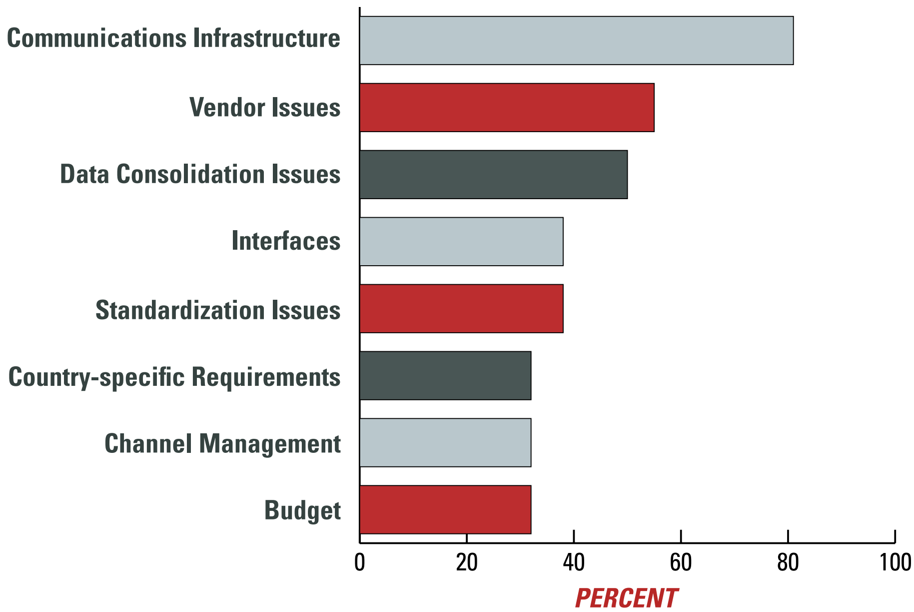
Chart 1. **Challenges Perceived in Managing Hospitality I.T. in an International Setting**



pants pointed out that in Europe, there are problems not only with the availability of appropriate services, but also with service quality, thus limiting what hotel companies can do. Furthermore, operating systems across national borders usually implies dealing with multiple suppliers, which makes addressing quality issues difficult. Interestingly, while cost was also mentioned as an issue, it was perceived to be much less important than either availability or quality. In fact the main challenges mentioned in relation to cost was not price levels themselves, but variability across countries and the lack of a logical pricing model. Purchasing a particular service can cost 10 times more in one country than another — that is assuming it is available in the first place — and may be based on a flat fee in one country and on bandwidth used in another. This increases complexity, making managing the system more difficult.

The second issue cited was what can only be described as a deep level of dissatisfaction with I.T. vendors. Much of this seemed to be caused by the organizational structure of vendor companies. Although the latter supposedly operate as global brands, in reality most choose to use a network of local distributors or agents. As a result, a chain trying to roll-out a standardized solution across Europe cannot just deal with the central office, but must liaise with local distributors in each country. Instead of working with one set of people, in effect they must start from scratch in each country, addressing the same issues with a new vendor team. The distributor / agent structure also has cost implications, as prices, and even business models, frequently vary, making it difficult for hotel companies to construct a standardized solution for all properties. And finally local distributors are seen as problematic when it comes to the provision of support. Getting any level of support in both English and the local language can be an issue, and in many cases the usefulness of the support provided is questionable, with several respondents claiming that they frequently have more expertise available within the property than that provided by the local distributor.

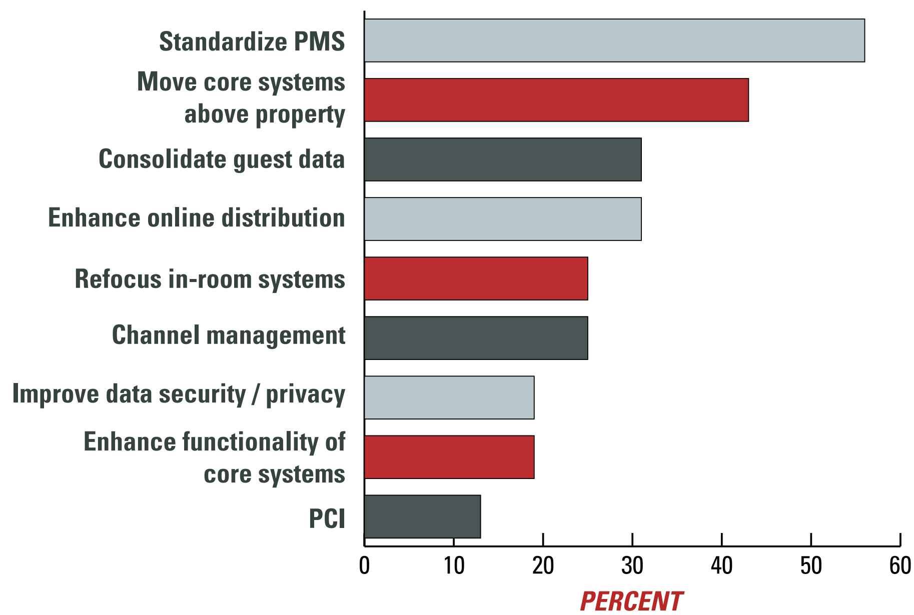
Frustration with suppliers also has a second source. Participants noted that there were too few suppliers that can offer and support I.T.-based systems (be they infrastructure or applications) suitable for use across an entire chain. Thus while hotel companies wish to be unique in terms of the systems they offer to the properties that they manage, in reality the alternatives available are limited, as there are only a few (overworked) companies who can work on a global basis. Everyone effectively ends up using the same systems, making it difficult to gain competitive advantage through I.T. usage. And since the same small number of vendors dominate the market, these companies are extremely busy, and frequently do not have the capacity to respond to user requirements in a timely fashion. Furthermore these vendor companies are so occupied servicing current user needs, that respondents feel there is little research and development going on, and thus innovation, in terms of the solutions offered, is severely lacking. Several felt that hotel I.T. solutions were very basic in comparison to those available for other industries. Respondents firmly placed the blame for this on vendors, who they say are so busy installing "more of the same" that they have no time or resources available to work on developing the next generation of hospitality information systems.

Paradoxically, in addition to there being too few vendors, respondents also felt that there were also too many vendors! However in this case they were referring to smaller suppliers offering local solutions for local markets. A typical example is high speed Internet access — from a brand perspective chains want to have one (or a very limited number of solutions), but in every local market there is usually someone who can do it better, faster, cheaper. Making use of such systems decreases standardization, increasing costs in the long run as expensive (and sometimes unreliable) interfaces have to be developed. A key question is how to draw the line between what really needs to be standardized from a brand perspective, and where a local solution to a local problem can be used.

The third key challenge identified was the consolidation of data to give a single, uniform and holistic view of both customer and organization. A key question is "How do I get a consolidated picture of what's happening in a single language in a single currency?" Integrating data from multiple diverse systems, in multiple languages and sometimes multiple currencies is of course problematic. Standardization would help to simplify this process, but in Europe this is difficult as each country has specific taxation, administrative, financial or similar requirements which need to taken into account. Thus, despite what chains would like to do, in many cases local systems have to be used to supplement or replace the corporate system, increasing the level of complexity and raising the overall cost of running the system. This challenge is becoming worse as hotel companies expand to new and developing countries, where issues such as "different" character sets become more of an issue.

Lastly, managing electronic channels of distribution was also clearly identified as a key challenge. Within Europe, electronic distribution — both GDS- and Web-based — has grown exponentially over the past five years, and hotels now typically use dozens of ways to distribute their product. However, the portfolio of channels differs greatly from country to country, meaning that to address target markets, hotels typically have to manage inventory and rate on multiple systems. In most cases, updates need to be carried out manually on extranets, which is time consuming (and thus expensive). In many cases, hotel properties neglect to manage their distribution on such systems, resulting in lost opportunities. Many respondents also expressed frustration with the OTA (Open Travel Alliance) — a standard that theoretically permits distribution systems to interconnect and thus eliminates the need to manage data manually. While acknowledging that its development is a step in the right direction, respondents claimed that its utility is limited, it is not defined tightly enough and everyone uses a slightly different flavor, thus using it to interface systems requires major development work from both parties. Also in the electronic distribution area, respondents pointed out that the level of technology infrastructure needed to support distribution is growing as a result of an exploding look-to-book ratio. While in the past, reservation systems might have had to service (say) 50 availability / booking requests per minute, now as a result of direct connects to online travel agencies and the growth of technologies such as Metasearch, the same system may need to be capable of servicing 1,000 or even 5,000 requests, while at the same time only generating the same number of conversions. To maintain response speed, more powerful hardware and more sophisticated systems must be provided, but the investment is difficult to justify given that booking levels have not increased.

Figure 2. Short-term Priorities of European Hospitality CIOs



Short to Medium Term Priorities

As discussed above, hospitality CIOs see many challenges in running hospitality I.T. systems in the European context. It's not surprising, therefore, that their priorities for 2007 and 2008 were often interconnected with these issues.

To facilitate consolidation and help achieve a uniform view of the customer, the majority of international chains have plans to standardize their PMS and other core systems. Having a single set of systems minimizes the expense of developing interfaces and facilitates the consolidation of data. It was very noticeable that if you divided the chains interviewed into (let's call them) multinationals (operating in Europe, U.S. and Asia) and regional (operating primarily in single countries within Europe), that the multinationals seemed to be further along this path to standardization, and in practically all cases expected to be finished by the end of 2007. Both types were encouraging properties to change over by significantly enhancing the functionality of their systems (i.e. not just switching a PMS for a newer PMS to give a newer and more expensive way of checking people in and checking people out, but adding significant new functionality in the form of revenue management and customer recognition). Several chains were also putting financial incentives in place to encourage existing properties to change over to new systems.

Many of the chains interviewed also had the desire (and frequently were advanced on plans) to move their core guest facing systems above property into an ASP-based solution. In most cases this focused on the PMS, but sales and catering was also frequently mentioned. Benefits cited included freeing hotel properties from costly hardware purchase and maintenance, and overcoming the deployment wheel-of-doom, whereby as soon as in-

Figure 3. Challenges Perceived by European Hospitality CIOs

stallation of a solution across the chain is completed, an upgrade becomes available and the entire process has to start again. Having systems available on a centralized server is also advantageous in terms of time to market. Upgrades in one place and the entire chain are done at once. This desire to move to ASP solutions goes a long way to explain the focus on communications infrastructure discussed earlier, as the success of such solutions depends 100 percent on having access to high-quality, reliable, cost-effective communications services. In fact, several interviewees admitted that currently they were having only limited success in implementing new systems, due primarily to problems in battling the communications problem. However all pointed out that the benefits of success are so great that it will happen — eventually!

A second priority was to improve the consolidation of guest data. Moving towards a standardized ASP-based solution will help to achieve the desired chainwide holistic view of the customer, as would having a single, standardized set of core applications. However, there will always be additional systems that need to be interfaced on a case-by-case basis, and many respondents highlighted the need for a set of standards to simplify this process. Most made reference to HTNG (Hotel Technology Next Generation) and commented that while progress was being made, vendors need to commit more thoroughly to the project and incorporate its requirements into their systems. Many also recommended that HTNG take things a step further, and focus on integration rather than just complex interfaces. Having a comprehensive guest database would be a very valuable asset, and thus respondents also stressed the need to upgrade systems to provide high levels of security, both to protect the asset and also to conform to legislation requirements such as *Sarbanes-Oxley* and *EU Privacy Directives*. However, given the diverse types of legal structure (owned, managed or franchised), and differing rules and attitudes as to data usage in different countries, implementing an effective global standard was seen as highly challenging.

In the medium-term, respondents indicated that implementing systems to better manage electronic distribution would become a priority. Most agreed on the need to change current practices, but also indicated that the limited number of technology-based systems available were not adequate. A single solution, capable of managing not only rates and availability, but also content such as property descriptions, hotel pictures and multimedia on any distribution channel is what's needed. And in the long-term, many respondents said that they would focus on enhancing the technology offered in the guest room. Some of the items mentioned included interactive TV, high speed Internet access and real-time guest information systems. There was a feeling that what we currently offer was not very appealing, and guest-facing technology was an area where hotels could differentiate their product from competitors. While respondents indicated that a lot of money would need to be spent in the medium- to long-term, most were vague on their exact plans, saying that there were more pressing issues to be solved first.

Barriers to Implementation

With ambitious plans for their I.T.-based system, respondents also noted that there are significant barriers to success. The most frequently cited challenge was a critical shortage of skilled personnel. With so many companies currently investing in enhancing their systems, finding and retaining skilled people has become critical. This applies equally to infrastructure knowledge and to an in-depth understanding of hotel-specific systems (Fidelio and Opera skills in particular seemed to be in very short supply). The problem is exacerbated by geography — it's not enough to have the right people, you need to have them in the right place and capable of working in Europe's multicultural and multilingual environment. Finding people with knowledge of local standards and local requirements is also challenging but important, given the expansion plans of many hotel chains. Respondents felt that in many cases staff shortage is caused by the fact that the I.T. function is under-appreciated within hotels. Often it is a little orphan tucked away in the finance department that just doesn't get the recognition that it deserves. Pay rates are noncompetitive and opportunities for advancement are limited, making it difficult to attract and develop talent. Shining stars tend to be poached away quickly — both by vendors suffering from a similar staffing crisis, and by online intermediaries needing staff with similar skill sets, but offering more tempting positions.

Making the business case to justify investment is also problematic. In Europe, the high percentage of managed properties means that investments are often justified on a property-by-property basis. Individual owners need to be convinced of the need to update systems. However, as the cost of I.T. has risen consistently, but hasn't really developed much in terms of functionality, making a convincing argument has become more difficult. Instead of trying to mandate particular systems, respondents recommend trying to bundle value-added services into systems to make them more appealing to the property. Closely linked to the difficulty in encouraging investment in I.T. is an industry-wide resistance to change. The types of I.T.-based systems being introduced have the potential to radically alter both management practices and day-to-day operations, and thus it's not surprising that many respondents anticipate challenges in this area. The robustness and reliability of systems is also an issue here, as any failures, however temporary, can have a major effect on the credibility of the I.T. department.

Conclusion

The survey results clearly show that the use of I.T.-based systems within the European hotel sector is rapidly developing. Better managed, more technologically advanced systems with very clear strategic objectives are currently being deployed, and their successful implementation should help to greatly enhance productivity, customer service and thus profitability.

However it's also clear that managing such systems in the European context is problematic. CIOs face the challenge of translating solutions developed for the more homogeneous U.S. market to cope with the requirements of the more diverse European situation. Despite this, CIOs have ambitious plans for the future. Most are focusing on standardization of systems using ASP-based technology as their preferred strategy. Difficulties in sourcing appropriate communications infrastructure across the continent, coupled with varying operational and reporting requirements in different countries and a critical shortage of skilled personnel will make this problematic. Similarly the shortage of suitable vendors may delay the deployment of suitable solutions. However the benefits are so great that solutions (perhaps initially not optimum solutions, but solutions none the less) will be found and these barriers overcome.

However it's important that the next generation of systems be more than just a more technologically advanced version of what we already have. The functionality of most hospitality I.T.-based systems has not changed in 20 years. Several respondents commented that hotel systems seemed "stunted" — that they had the potential to be much more that they currently are, yet they continue to offer the same features and functionality they have always had. With such radical changes being introduced in the way our systems are being delivered, one can only hope that the major hotel chains have taken this opportunity to also re-examine their functionality and strive to develop the hotel system of the future. ■

I.T. SPENDING STRATEGIES

A look at lodging managers' current technology expenses

By Tanya Venegas, MBA, MHM

Managers and owners are constantly searching for financial benchmarking data for all aspects of their company's business. Company executives want to make sure that their business is making the mark by comparing revenues and expenses to competitors in their industry. In this particular case, the HFTP Research Institute developed a benchmarking survey to determine the industry standard for information technology (I.T.) spending and other issues facing technology executives.

The survey was distributed to executive level technology managers because these are the individuals that make yes-or-no decisions pertaining to technology implementation at multiple properties. This survey specifically targeted lodging industry executives because this segment of the hospitality industry has a defined hierarchy when it comes to the I.T. department. In the case of clubs, technology at many properties is managed by the controller or another high ranking official.

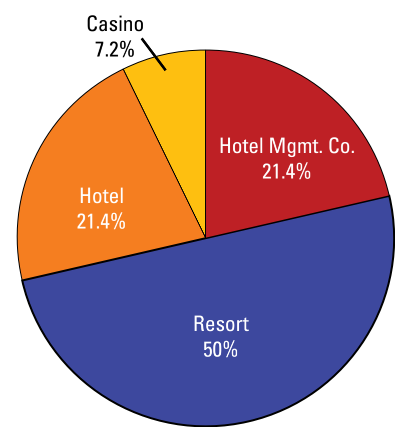
By conducting this survey, HFTP wants to provide a look at the big picture as it pertains to technology spending. Technology spending is going to vary from company to company depending upon their corporate philosophy and view on technology implementation. Some companies jump in and install new technologies as soon as they are available to stay on the cutting edge, while others only employ technology when it is necessary to stay competitive. For this reason alone, it is hard to determine an industry standard on technology spending.

Respondent Profile

The 2007 HFTP Research Institute Technology Survey was distributed to 85 HFTP members who hold executive level I.T. positions at their respective companies. Of this group, 14 members representing nearly 4,000 properties worldwide responded, yielding a 17 percent response rate. Half of the responses were from those holding the position of director. Those with the title of director included members with the title of director of I.T., director of information systems, or director of information services. Job titles of other respondents included chief information officer, vice president of I.T., regional director of I.T. and revenue systems manager.

Half of the responses were from resort properties, followed by three responses from hotel management companies, three from hotel companies and one respondent from a casino company. Respondents were also asked about the types of properties within their company's portfolio. The types of properties represented by the respondent companies ranged from all suite and boutique hotels to resorts, convention/conference centers, full service hotels, limited service hotels, and timeshare properties. Again, the majority of the respondents worked for companies managing resort properties followed closely by full service hotels. Two of the respondents in the resort category work exclusively with timeshare properties. The number of properties within each

Chart 1. Industries Represented



Tanya Venegas, MBA, MHM, is program director of the HFTP Research Institute at the University of Houston.

company's portfolio ranged from one at a resort company up to over 3,500 properties for a respondent from a hotel management company.

Company annual revenues for the respondents ranged from $10 million for a company with one property up to in excess of $8 billion dollars for a large hotel management company. This proves that the I.T. executives that responded to this survey hale from many different types and sizes of companies. From the small one property resort earning $10 million in revenues a year up to the large hotel management company earning billions.

When asked which country their company operates in all of the respondents indicated that they operate in North America. In addition, three companies operate properties in Asia and Europe, two in Australia, and one company operates in Africa. Those companies that operate in multiple continents include hotel management, resort and hotel companies. This proves that those responding to this survey are exposed to diverse technology environments in various continents around the world.

Respondent Responsibilities

Respondents were also asked if they were responsible for providing I.T. to all of the properties within their company's portfolio. All but three respondents indicated that they solely oversee their company's I.T. function. Those individuals responsible for a fraction of their company's I.T. hold the titles of CIO, regional director of I.T. and revenue systems manager. Those that oversee some of their employer's properties work for companies with large portfolios ranging in size from 75 properties up to over 3,500 properties.

Another aspect of responsibility is supervision. Respondents were asked how many employees they directly supervise within their company. These responses varied from a revenue systems manager who is responsible for none all the way up to a CIO in charge of 80 employees. Upon further analysis there appears to be a correlation between a respondent's title and the number of employees they supervise. For example, those holding a director position tend to directly supervise a small group of between two and seven employees. CIOs in this study supervised more employees than the rest of the respondents which relates directly to their level of responsibility.

I.T. Spending

I.T. spending differed significantly from company to company. Respondents were asked to report their company's 2006 total revenues and 2006 I.T. budget in dollar amounts which were utilized to calculate the percentage allocated to each company's I.T. budget. Out of eleven companies providing this information, the responses for I.T. spending ranged from 0.5 percent to 2.5 percent of total revenues with an overall average of 1.39 percent for all properties. In this category, two respondents left the question blank with one respondent at a hotel management company indicating that their budget is directly tied to company needs. The dream of I.T. executives is to have an I.T. budget on an as needed basis.

As exhibited in Table 1 below, resort properties indicated that they spent the greatest amount on technology with a 1.61 percent average as compared to only 0.74 percent for hotel respondents. It is interesting to note that resort companies in this survey, as a percentage of revenues, spent more than twice as much as hotel respondents.

Respondents were also asked to report whether their 2007 I.T. budget would either experience an increase or decrease. Six companies indicated an increase in I.T. spending and that their budgets will realize an increase ranging from 4 to 20 percent depending on the company. Three of these companies indicated a minimal 4 to 5 percent increase to accommodate for cost of living increases for salary and vendor support increases. For those companies reporting a decrease in their I.T. budget these changes ranged from 10 percent up to 50 percent. The company reporting a 50 percent decrease indicated

Chart 2. Total Annual Revenue in 2006

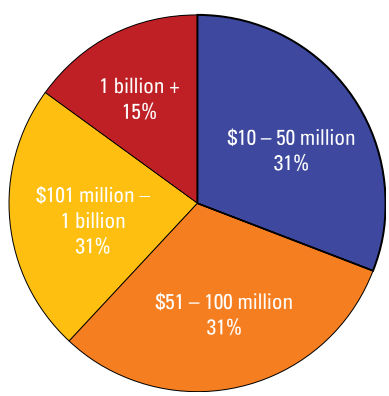


Chart 3. Percentage to be Spent in 2007 Over or Under 2006 Budget

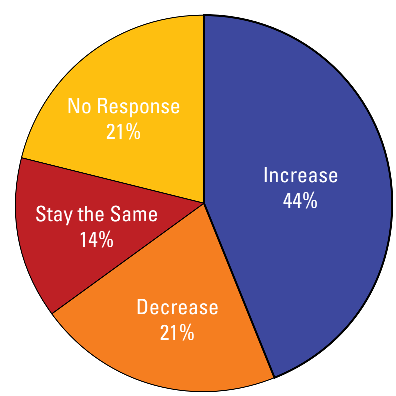


Table 1. How much was spent on I.T. in 2006?

	% of 2006 Revenues	Capital Expenditures as % of Revenue	Capital Expenditures as % of I.T. Budget
Resort Properties (7)	1.61	0.42	26.27
Hotel Properties (3)	0.74	0.25	50.0*
Overall (11)	1.39	0.42	32.67

*Average with only two companies reporting.

Table 2. What I.T. functions does your company outsource?

- Application Building
- Central Reservations
- Guest Network Help Desk
- Network Management and Support
- Network Security
- Payroll Processing
- PBX Support
- Programming
- Report Writing
- Server Installations
- Software Support
- Wireless HSIA for Guests
- Wiring and Cabling

the change was due to the implementation of a new property management system and point-of-sale system in 2006. In addition, two respondents indicated that their budget will remain the same and three respondents did not answer this question or were unaware of changes in their technology expenditures for 2007.

I.T. Capital Expenditures

In addition to overall I.T. spending, respondents were asked to report how much their company spent on I.T. capital expenditures in 2006. As a percentage of total revenues, I.T. capital expenditures ranged from zero at a company that operates hotel properties up to 0.75 percent at a hotel management company.

Capital expenditure amounts were also analyzed as a percentage of the overall I.T. budget. Again, the lowest figure was from a hotel company that reported no I.T. capital expenditures in 2006 up to 100 percent for another hotel company. These two responses appear to be outliers since the rest of the respondent companies spent anywhere between 7.1 percent and 42.9 percent of their technology budget on capital expenditures.

Outsourcing

Many companies utilize outsourcing because it is more cost effective than hiring an additional employee and training them in that competency. Respondents were asked what percentage of the I.T. function their company outsourced. For the purposes of this study, outsourcing was defined as "an arrangement in which a company provides services for another company that could also be provided in-house." Four respondents (30.8 percent) indicated that their company does not participate in outsourcing, and four additional respondents (30.8 percent) indicated that they outsource 5 percent or less of their I.T. needs. The remaining five respondents (38.5 percent) indicated that they outsource between 25 and 40 percent.

When analyzing outsourcing by sector, the type of companies indicating the most outsourcing needs were resorts and the sole casino respondent. The casino respondent indicated that they outsource 40 percent of their I.T. needs, which is to be expected since casinos have very complex technology requirements. The seven resort respondent properties followed in second place by outsourcing 13 percent of their technology needs. The interesting factor in this segment is that respondents fell into opposite ends of the spectrum. Four of the respondents outsourced 5 percent or less, while the remaining three respondents in the resort sector outsourced 25 percent to 30 percent of their technology needs. In addition, hotel respondents outsourced 8 percent and hotel management company respondents outsourced a mere 3 percent of their technology needs.

The percentage of the I.T. function outsourced can be based on many factors. In this case, smaller resort and hotel companies indicated the greatest amount of outsourcing (25 to 30 percent); while larger companies expressed that they outsourced the least (no outsourcing to 5 percent). These percentages make sense when examining the complexity of the company and I.T. needs. Smaller companies do not want to be burdened with hiring employees to cover every technology competency. On the other hand, larger lodging companies have a greater need and can hire employees to cover all I.T. requirements.

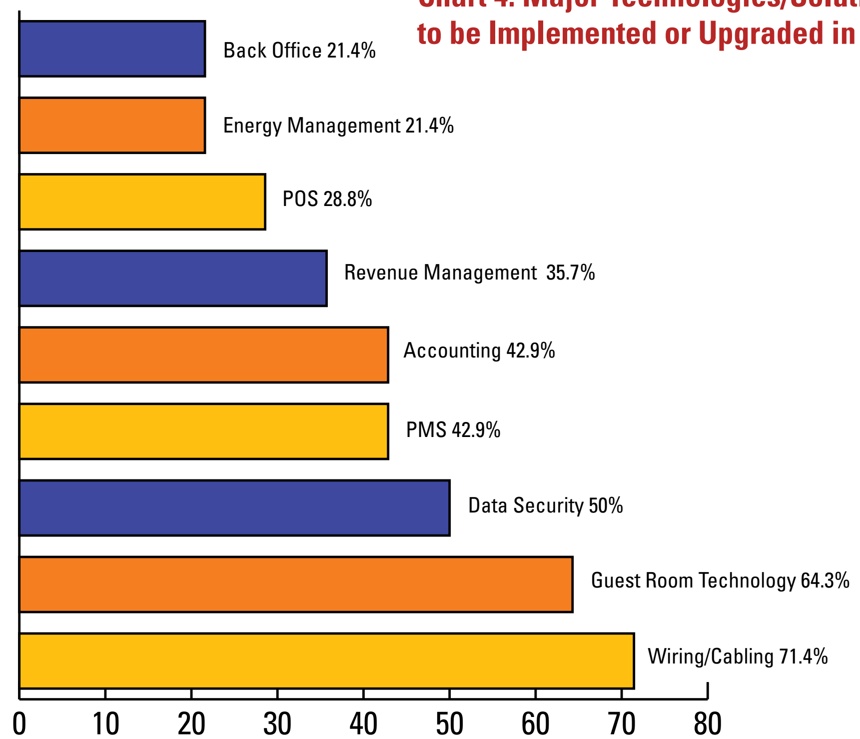
Survey participants were also asked to list what major I.T. functions are outsourced by their company. Respondents indicated several functions which were outsourced by their companies including: payroll processing, central reservations and booking, wiring, cabling, network management and support, server installations, programming, software support, PBX support, wireless HSIA, and guest network help desk. Of those functions, outsourced network management, support and security management appeared the most often. Others that were mentioned more than once included wiring and cabling, programming, and high speed Internet access.

Technologies Implemented in 2007

Survey participants were asked what major technologies or solutions they would be implementing or upgrading in 2007. Specifically, they were asked if they would be installing the following: accounting system, back office system, property management system, point-of-sale system, data security system, energy management system, guest room technology, revenue management system and new wiring/cabling. As shown in Chart 4 (page 25), the majority of the respondents will be implementing new wiring/cabling (71.4 percent) and guest room technology (64.3 percent). These two technologies go hand-in-hand since the majority of new guest room technologies are Internet-based. Other technologies that fell in the middle included data security (50.0 percent), property management system (42.9 percent), accounting system (42.9 percent), and revenue management system (35.7 percent). Few companies intend to implement new point-of-sale systems (28.6 percent), energy management systems (21.4 percent) and back office systems (21.4 percent) in 2007.

In addition, survey participants were encouraged to write in other technologies that their company was planning on implementing in 2007. These technologies included business intelligence software, customer relationship management (CRM) databases and programs, VoIP capabilities, homeshoring, spa processing software, and human resources information systems (HRIS). Most hospitality professionals have heard of CRM and spa processing software but may be unfamiliar with homeshoring or the capabilities of business intelligence software. First of all, homeshoring is the word utilized to describe allowing employees to work from home, typically referring to call center employees. Many companies have begun investing in the technology to allow employees to work from home while fielding reservations or customer service phone calls. Business intelligence software is another term that many may have heard before, but are not familiar with its capabilities. Basically, business intelligence software enables executives to scour through excessive amounts of data to determine patterns and solutions. Another type of useful software which was mentioned is a human resources information system (HRIS). An HRIS is a software system which allows human resources professionals to keep track of employee information in a database. For example, these databases can contain information such as department, job title, salary history, supervisor and visa status making it simple to create government required reports. Another name for a HRIS is human resources management system (HRMS).

Chart 4. Major Technologies/Solutions to be Implemented or Upgraded in 2007



Challenges Facing I.T. Executives

Everyone in every position faces challenges on the job, so these industry executives were asked what specific challenges they face on a daily basis. The following are the challenges listed by these technology industry professionals. All of the responses can be broken down into four categories: budgeting issues, employment issues, technology implementation issues and other technology issues.

Budgeting Issues

- Budgeting of I.T. yearly expenses and capital items
- Capital funding and prioritization
- I.T. tends to be an afterthought in our business, which makes it hard to stay ahead of the curve
- Keeping current with a reasonable annual capital budget.

Employment Issues

- Developing managers to be directors because many have phobias about administrative duties
- Employee retention
- Getting approval to staff at proper levels

Implementation Issues

- Implementation of new/existing systems
- Implementation of technologies in new construction because architects tend not to make provisions for cabling and equipment room environment
- Infrastructure upgrade on backbone cabling
- Lack of interoperability and interexchange of system components
- Setting correct expectations and having enough resources to complete projects in a timely manner
- Standardization
- Vendor incompetence

Other Technology Issues

- Changes in ownership
- PCI and SOX Compliance

Exciting New Technologies

The final question to the 2007 HFTP Research Institute Technology Survey asked what I.T. executives felt was the most exciting technology that will impact the hospitality industry in the next 24 months. Out of the 12 responses to this question, six respondents (50 percent) mentioned that RFID will be the next technology to impact the hospitality industry. RFID stands for radio frequency identification and is a technology that uses radio waves to automatically identify items. For example, items in a guest room can be tagged with RFID tags and the hotel can track the movement of items in and out of a room. This technology has many implications and can greatly assist in inventory and loss prevention.

Several of the new technologies mentioned relate to sending and receiving data over an Internet connection including VoIP, IPTV, and slingboxes. Voice over Internet Protocol (VoIP) was mentioned by two respondents. Basically, this technology allows user to make Internet based phone calls rather than utilizing a regular phone line. Another internet technology listed by these technology executives was IPTV, Internet Protocol Television. IPTV refers to a system which receives digital video over the Internet and displays it as a video stream on the television. The third type of Internet device mentioned is

Table 3. What is the most exciting new technology that you believe will affect the hospitality industry in the next 24 months?

- Business Intelligence
- Energy Management
- IPTV
- Mobile Computing
- Near Field Communications
- RFID
- Slingboxes
- VoIP

a slingbox. A slingbox is a device which is hooked up to the television allowing the user to view and control their television over the Internet. This allows the user to view television content playing on their television at home from a computer anywhere in the world. This technology has the potential to impact the number of guests viewing pay per view movies in their hotel rooms.

These I.T. executives also mentioned several other cutting edge technologies. These technologies include near-field communications (NFC), business intelligence software, mobile computing, and energy management. Most of these technologies do not need an explanation because many managers are familiar with mobile computing and energy management, but NFC may be a new concept to some. NFC refers to the technology that allows short-range wireless connectivity between devises (*Wi-Fi Planet, 2002*). NFC technology has been compared to Bluetooth, but with some restrictions. NFC technology connects objects which are no further than 8 inches apart and allows for the transmission of data at 212 kilobits per second (*Wi-Fi Planet, 2002*). The major advantages of NFC are that it is inexpensive to implement at a cost of 20 cents per chip and utilizes less power.

Conclusion

This survey was intended to shed some light on technology spending in the lodging industry and issues facing hospitality technology executives. The respondents to this survey represent nearly 4,000 lodging properties around the world. As often argued, not enough money is spent on I.T. and this survey shows that on average the respondents are spending 1.39 percent of total company revenues on this function. These professionals also indicated that many of the challenges center on the I.T. budget and capital improvements. As industry executives start to budget for next year they can look forward to new technologies on the horizon including VoIP, slingboxes and IPTV. Some hotels have already begun implementing these technologies and with future renovations many more installations are to follow.

If you have any questions about the results of this survey contact the HFTP Research Institute.

Sources

- Wi-Fi Planet. (2002, September 27). *Near-Field Communications*. Retrieved May 20, 2007 from www.wi-fiplanet.com.

READY FOR RMS?

Knowing when a revenue management system is right for your property

By Bonnie Buckhiester

It's been almost a year since I shared the stage with three esteemed colleagues at HITEC 2006 and talked about the challenges of acquiring a Revenue Management System (RMS). Since then, although I've had innumerable discussions with clients about RMS acquisition strategies, the number one question remains: "How do I know when I'm ready?" You would think the central focus might be on system functionality or integration issues; or implementation and support; or on the vendor's background and list of clients. But these questions take a back seat to the fundamental question of knowing when you're ready for an RMS.

So let me begin by laying my cards on the table. I believe that in the not too distant future RMSs will be as common as PMSs. The complexity of distribution combined with shorter lead times and the gravitation of all segments (transient and group) to the Internet makes it impossible, even today, for hotels to optimize demand manually. As well, except perhaps for the smallest of hotels, a dedicated revenue management person is not just a needed resource, but an essential one. At the very least, smaller hotels should find ways to share the position or outsource the role altogether.

It's interesting, therefore, that the decision making process for RMS acquisition is less about the absolute functionality of a given system and more about whether the hotel is really ready for a sophisticated RM tool. Few would argue that most computer systems are highly under-used. A perfect example is the traditional property-level sales/catering system. Sales/catering systems have had revenue management functionality for 20 years, but how many hotels fully use features like selective selling guidelines, F&B profit profiles and dynamic baselines? When it comes to acquiring an RMS, the crux of the issue is knowing what questions to ask *yourself*, not the RMS vendor. The first two questions may not be the most interesting, but certainly the hardest.

HITEC 2007 Speaker

Tuesday, June 26
4 – 5:15 p.m.

Untangling the Network of Distribution Channels and Their Impact on Revenue Management

Questions to Ask

Is there an established revenue management culture at the property? When it comes to revenue management there are three primary pillars (or building blocks) for organizational change. The first involves building a culture of revenue management within your organization by making RM a priority throughout the hotel. This means aligning all revenue centers to one central goal — optimizing the asset. The second is the development of an integrated decision making forum to overcome traditional departmental barriers to revenue optimization. The third is to be willing and ready to shift your thinking from tactical to strategic RM. Hotels tend to focus on the tactical side of Revenue Management, i.e. opening and closing rates and dates and lengths of stay, channel by channel. A more strategic question would be whether the pricing hierarchy is optimal for the position the hotel holds in the competitive marketplace.

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Revenue Management — Three Methodologies		
Occupancy Forecast	**Revenue Forecast**	**Demand Forecast**
Operational Orientation	Financial Orientation	Strategic Orientation
4/7/14	30/60/90	12 weeks
Weekly	Monthly	Daily
Constrained	Constrained	Unconstrained

How effective is the revenue team? The discipline of Revenue Management requires a highly-focused effort. Revenue teams should consist minimally of the general manager, director of sales and marketing, revenue manager (or revenue champion), as well as a representative from front desk, F&B/catering and reservations. Revenue meetings are best held weekly and should be designed to focus on strategic issues, not just the tactical *mechanics* of revenue optimization.

Does your hotel treat revenue management as a comprehensive business process? Once you've answered the questions about culture and team, the next step is to determine how advanced the Revenue Management *thinking* is at your property. If you've ever wondered where your property was from an RM expertise point of view, you're not alone. For example, have you ever asked the question, "Are we doing everything we can to optimize revenue?" Or, "Even though our market penetration indexes exceed 100 percent, are we still leaving money on the table?" Or, "Where exactly are we on our revenue management journey to best practices?" If you aren't sure about the answers to these questions, then really what it amounts to is that you don't know.

Determining the Need for RMS

The easiest way to determine if you're ready for an RMS is to examine your RM practices in the context of a structured business process. Follow the *REV*RoadMap®, a holistic approach to RM practices at the property level.

There are six key components to the process starting with product definition and going all the way around to distribution management. And you'll note that distribution management is last — although hotels typically spend an inordinate amount of time on this component of the process, a hotel cannot manage distribution optimally until every other component of the RM process is well in hand. Perhaps the best way to test your readiness for an RMS is to briefly examine each component and pose some strategic questions.

Product Definition — This component of the RM process is all about aligning room categories to customer demand. Product definition is a comprehensive process which defines markets so that customer needs can be assessed and product can be matched to those needs. It's about how to increase the "absolute" value of inventory without impacting pricing integrity. Ask yourself (and be honest) — if you tracked all the upgrades in a given month and calculated the lost revenue, how high would the dollar figure be? Product utilization acts as the acid test for your assumptions about user needs — if you have appropriately matched product to your various segments then utilization should be fairly balanced. Room categories in the PMS shouldn't show large negative figures as a result of un-checked *run-of-house* selling strategies. Clearly this is an indication that room types are not being fully leveraged.

Competitive Benchmarking — It's not uncommon for hotels to benchmark their performance against the wrong competitive set. There are many reasons why this might be the case — including wishful thinking by ownership interests — i.e. allowing ego-driven comp set choices. The unfortunate truth is that up to 50 percent of hotels select the wrong comp set. Being ready for an RMS is partly about being realistic in terms of how your hotel competes in the marketplace. If your market penetration indexes are considerably above or below 100 percent, or widely out of balance, these could be indications that the competitive set has not been chosen properly. Since so many strategic and tactical decisions are made based on market share results, it stands to reason that accurate competitive benchmarking is a crucial part of RM strategies.

Strategic Pricing — A good question to ask with regard to pricing is whether your hotel has a clear understanding of the difference between price parity and price integrity. Price parity (of course) is about the same price. Price integrity is about value and the clear differentiation of that value no matter where the price appears. There's been so much focus on price parity that the real issue of price integrity has been overshadowed. There's nothing wrong with having different prices in different channels (for the same product) as long as the value proposition has been properly fenced (i.e. differentiated). It's when the exact same product appears with different prices that the consumer loses confidence. Using "fences" to differentiate product offerings is an art. When wondering if you're ready for an RMS ask this question: "Is my Revenue Team expert at fencing our products"?

Demand Forecasting — There are three primary forecasting methodologies used in hospitality — occupancy, revenue and demand. The first two represent constrained forecasts; the last one represents unconstrained forecasting. These three types of forecasts are distinctly different and have very different orientations — respectively they are operational, financial and strategic.

An occupancy forecast gives very limited information and is used for short term, internal operational purposes. Revenue forecasting is largely designed to keep senior management informed of what to expect in the coming months in the way of occupancy, average rate and revenues. It's usually combined with a detailed food and beverage forecast, as well as labor/expense estimates to produce a comprehensive financial forecast.

Demand forecasting takes into consideration a number of factors includ-

Revenue Management as a Business Process

ing past history, rooms on the books, booking pace, denied business, market compression and demand influences. It has a strategic orientation and is unconstrained — in other words, it's all about how much demand there is, not how large the hotel is. Demand could very well be at 120 percent of capacity. A demand forecast assists a hotel in establishing rate guidelines, stay controls, and sales and marketing initiatives.

The question you want to ask with regard to the forecasting regimen at your hotel is whether there's a clear understanding of the difference between constrained and unconstrained forecasting and is the hotel really basing its selling guidelines on demand versus rooms on the books? Typically, hotels without RMSs rely heavily on rooms on the books data and estimate reach or pick-up using instinct — definitely more art than science. One of the keys to knowing if you're ready for an RMS is having a good understanding of the nature and purpose of demand forecasting.

Business Mix Manipulation — Manipulating business mix might seem like a no-brainer — after all it's second nature to accept or decline business from various segments. But the art of business mix manipulation is found in seeking the ideal balance (for your hotel) of market penetration indexes. Ideally ADR and occupancy indexes should be within 10 points of one another. This is an indication that strategies have optimized both the rate and occupancy opportunities presented by the market conditions. In other words, you've reached an optimal state of revenue management. This is more formally known as economic equilibrium. A circumstance where balance may not be possible is when, for example, a hotel is a dominant player in their marketplace and consistently achieves average rates significantly above the competitive set. The question to ask (with regard to being ready for an RMS) is "Are we fully utilizing/interpreting third party market intelligence reports to optimize demand in the market place?" If not, an RMS is not going to do this for you.

Distribution Management — Finally, there are questions to be asked with regard to your hotel's management of distribution. For example, does your team have a firm grasp of the *mechanics* of demand creation in today's advanced markets? Even if the optimization of your web site is outsourced or handled by a corporate office, does the revenue team understand the basics of SEO (search engine optimization), pay-per-click advertising, web site traffic analysis, link popularity strategies, page rank, etc?" It's no longer sufficient to leave web site optimization efforts to outside experts and not understand the impact of demand creation on demand management. The reality is that revenue teams today must have new skill sets to compete effectively. They don't have to be web site marketing wizards, but they must understand the basics.

Summing it Up

The bottom line is if there isn't a structured, disciplined RM effort at the property level — if you don't think you've taken your RM practices as far as you can manually — and if you're still questioning the need for a dedicated RM resource… you're probably not ready for an RMS. Knowing when you're ready is the most important aspect of the decision making process. And there's good news and bad news surrounding this journey. The bad news is that it makes no sense to give a Ferrari to a student driver. RMSs are sophisticated tools and a hotel must be ready to fully use (and appreciate) the functionality before embarking on an acquisition. Your revenue team must be thinking strategically before injecting a high-tech tool into the RM process.

The good news is that RMSs are more feature-rich and affordable every day. They take the weakest link in revenue management practices (forecasting) and add proven science to the process. Am I a believer in RMSs? Absolutely! Are they for everyone? Not yet! But if you approach your RM practices as a structured business process, you'll certainly be well on your way to being ready for a sophisticated RMS!

TECH TREND DILEMMA

PBX Legacy or VoIP?

By Steve Powell

Buying a telephone system for your hotel? Should you purchase a traditional (legacy) phone system or venture into the widely-discussed world of Voice over Internet Protocol (VoIP)? Confused as to what technology is best for your property's needs, now and in the future? Let's discuss it.

Should I stay with a Legacy PBX?

Most hoteliers are wrestling with the decision of whether to stay with a legacy system or take advantage of VoIP features. Whether limited-service, full-service or resort, no matter if your property is branded, independent, big or small, the hospitality industry is confronted with what to do about changing technology with respect to their Private Branch eXchange (PBX) systems. Most every PBX salesman is telling his prospects they should buy a VoIP system, while many hoteliers are still happy with their legacy systems. Before you decide, you may want to consider several issues before choosing. Type of property, brand affiliation, guest expectation, market competition and budgets are just a few. Many hoteliers believe the room phones will become superfluous in the very near future, giving way to cellular and wireless forms of communication. If you agree, maybe staying with a less expensive legacy system is right for your application.

The majority of budget-style properties will likely keep their old PBX until it fails. But, if you own a mid- or upper-scale property, you basically have two alternatives: one, stay with your old PBX or buy another legacy system; or two, buy a PBX that can function like a legacy / hybrid / or VoIP system that can bridge to VoIP when the industry (*and you*) is ready.

HITEC 2007 Speaker

Monday, June 25

9 – 11 a.m.

Telephone System: What to Look for When Purchasing

What Will the Guests Notice?

As you and your budgets are well aware, technology changes two or three times a year, causing us to spend more and more to keep guest amenities fresh and competitive. When the hotels in your competitive set upgrade their soft goods, provide flat screen LCD TVs, expand complimentary breakfasts or go smoke free, you are compelled to keep up. But, for our guests, installing a new legacy PBX system is not a visual upgrade. More often than not, guests will be totally unaware that the hotel installed a new phone system. Therefore, an investment in a new PBX system gets very little notice from guests and, since most are not using the room phones now, there isn't the same bottom line advantage to upgrading the PBX system.

Why update the PBX at all?

If most of our guests won't notice and the ROI is negligible, then why update the PBX system? It begs the question, should you keep the old PBX system running until it crashes, purchase one of the newest and greatest VoIP PBXs on the market, or take a half step in between?

There is a solution for you, but how do you figure it out? A lot of the decision depends upon what type of hotel you own: economy, mid- or upper-scale. Realizing that most of your guests only use the room phone to call for service or set a wake

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up call, many of the economy properties will continue to use their legacy systems until the wheels fall off. But, mid-scale properties on up need to keep a competitive edge, and guest service issues weigh heavily on their decision. Some of the criteria used for making this kind of a capitol investment decision is what is the ROI, what will this investment do for your bottom line, how does it affect your guest services and how important is it to the management/owner to stay up with the latest technology?

Just Another Expensive Amenity

This decision is also somewhat difficult to make because telephone revenues will not be affected. Remember the good old days when our telephone departments made more money than we ever imagined. Guests were paying $2 – $6 to use the room phones for just a short duration call. International calls were double that. But, as cell phones and Internet usage have grown, revenues diminished until many properties' revenues now equal in a month what they used to in a day. Forensically speaking, you may not find your guest's fingerprints on the room phone, let alone revenue on their folio.

Many telephone departments are operating in the red and must be funded from other departments, like room revenues. Furthermore, some hotels have started, and many more of the brands are considering, providing free domestic long distance calls for your guests. Giving away both local and domestic long distance calls has all but relegated your telephone departments to just another expensive amenity.

VoIP PBX Systems

Free calls for guests are one of the attractions of a VoIP PBX. Many hoteliers are considering giving complimentary country-wide long distance calls with the belief that VoIP calls are free to the hotel. But, don't get fooled into believing that all long distance calls are free with a VoIP system. In its best application, all long distance calls within a closed loop system are free. CompUSA, for instance, installed VoIP to use between their many locations and corporate office. Although the startup costs were significant, the ROI in long distance savings, as well as improved employee efficiency, justified the expenditure. Someday when deployment of VoIP is more widespread, technology will remove per call costs, but unless you have a VoIP system and are calling to another VoIP system, or through a provider supplying encryption services, per minute costs may still be incurred.

Another expectation is that VoIP will provide your guest a virtual presence while staying at your property. As the guest plugs into his corporate office VoIP phone, or soft phone in their computer, they will be quickly connected to their corporate PBX through the Web. All the features they use in their offices are now available to them at your property. Extension dialing, corporate voicemail, file sharing (if used), and virtual office presence are provided via VoIP.

Buying the VoIP system is just the start. When considering purchasing a VoIP system, you need to be aware of any and all added requirements and costs. Fees for improved cabling, increased bandwidth, licensing and new handsets are just a few of the extras. For many hotels, the return on this type of investment is somewhere in eternity, or until the day an application in hospitality arrives that warrants such an outlay. As currently equipped, few existing hotels can support a LAN to the guestroom and, if they could, they may need two T1's per 150 rooms to support this application, an added cost of $400 – $700 per month.

VoIP applications will work best in new builds, as the property must have sufficient wiring, Cat5, Cat5e or Cat6, to the guest rooms to support a LAN. It is often prohibitively expensive to rewire an existing building (upwards of $500 per built room). Depending upon the level of deployment, the systems must include VoIP to all administrative staff and guest rooms, plus the handsets to support it. Also needed, are user licenses, voicemail, computer terminal and two consoles.

There is a downside to this application, as it does not provide an analog connection in the guest room. This means that any guest using dial-up Internet service would be out of luck. In order to solve the analog connection, special devices would be needed for each outlet.

Who Are the Players?

There are a number of players in this spectrum providing VoIP switches, including Cisco, Avaya, Nortel and Mitel, to name a few. Unfortunately, to date, only a few have hospitality-specific software written and working in the switch. This restriction, however, is rapidly improving.

Technology is forecast to provide new handheld system applications for hospitality. A full wireless deployed VoIP system is already in the market, installed and being evaluated. It rides on the same wireless infrastructure that delivers high speed Internet access (HSIA) throughout the property. These full wireless systems are presently installed in higher-end properties, but as they become more reasonably priced and more reliable in delivered services, you will likely see them in more and more retrofit applications. Should you venture into the full wireless arena, once again, verify all the costs associated with supporting the system and its usage. The ever-changing technology is delivering highly useful and entertaining tools of our trade. Be sure of any 'hidden costs' before committing to the upgrade.

Recommendations

My recommendation is to review the system you are now using. Optimize the infrastructure and verify that the manufacturer / vendor can continue to support the software and hardware. Be aware of what your brand's, or guests', expectations are of your telephone system. Consider what your long-range goals are for property ownership. Calculate what ongoing cost savings you will gain from upgrading to a new hybrid or VoIP system.

For a new build, or if you are replacing a failed system, I would definitely consider buying a VoIP system whether you fully deploy it, or not. But otherwise, as an experienced and knowledgeable telecom consultant challenged to spend your money like it were mine, I would recommend that you not rush to replace the old PBX with a VoIP system, just yet. Stay with your legacy system, replace it when you must with a hybrid and remember, you don't have to hurry. The hospitality industry is notorious for being last to deploy the newest technology. Do your homework, define your expectations and stand your ground, but be prepared to step up in technology when your PBX fails, or the market demands it. ■

DIVERSITY'S IMPACT

As markets, customers and employees become more diverse, culturally-relevant considerations are increasingly important in the workplace

By Paul Manley

Twenty years after graduation, I ran into a high school track teammate during a corporate challenge race in New York City's Central Park. He is Chinese, born in China, and I am white, born in the U.S. We made arrangements and met for lunch at a Chinese restaurant. When we sat down to eat the waitress placed a knife and fork in front of me and chopsticks in front of my friend. We looked at each other, smiled and swapped our place settings.

Can you count the eight diversity characteristics in the above paragraph? Most people are familiar with the obvious characteristics of gender, race and country of birth. The other five are age, education, physical ability, geographic location and interests (running, cuisine). The waitress made an assumption about us based on our appearance and proceeded with the service settings based on that, rather than ask us what we preferred. This is a lesson for all of us in hospitality and hospitality technology. As we become more global, our markets, customers and employees become more diverse, and our need to make culturally relevant decisions becomes increasingly important.

Diversity Defined

The definition of diversity that I use is from a class at Fairleigh Dickinson University, which is, "diversity represents the multitude of individual differences and similarities that exist among people."

There are nearly two dozen characteristics that can be organized into four dimensions (according to Gardenswartz and Rowe's book, *Diverse Teams at Work: Capitalizing on the Power of Diversity*). The first is *personality*. The next dimension is *internal,* which contains the characteristics of age, race, ethnicity and those which generally a person can't change. This dimension strongly influences our attitudes, expectations and assumptions about others, and in turn how we behave towards people.

The *external* dimension includes income, religion, geographic location and those which influence our perceptions, behavior and attitudes. Finally, the *organizational* dimension contains workplace seniority, location, management position and those that influence our behavior and attitudes.

The goals of understanding diversity include improving employee productivity through embracing and appropriately leveraging diversity and achieving corporate success through a relevant understanding of its customers.

HITEC 2007 Speaker

Thursday, June 28
8 – 9 a.m.

Diversity: The Impact on Hospitality and Technology Management

Employee Diversity

Though my friend and I found humor in the above situation, imagine a project team in which the leader is unaware of his/her own behavior, and how he/she may be perceived by team members as insulting or insensitive. Such a situation would likely lead to lower productivity and morale.

Recently I was project manager for a project with the following team makeup: gender about 50/50; 80 percent white, 10

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percent Indian, 5 percent Hispanic and 5 percent Asian; 25 percent were from out of the U.S.; seven different departments; five organizational levels from analyst to senior vice president; and three companies and work locations. In general, the demographic breakdown of entrants to the work force from 2000 – 2010 looks like this: 61 percent white, 18 percent Hispanic, 14 percent African-American, and 8 percent Asian and other races. Each company, department and team member has their own culture that must be accommodated to ensure collaboration among teammates.

To optimize performance, a project manager should consider the diverse knowledge held by team members and be sensitive to the diversity of team members' values and culture of their organizations.

Global Market Diversity

Diversity needs to be understood and leveraged in the markets and for the customers we serve. Imagine selling a car in Latin America whose name, when translated to Spanish, means "no go." Couldn't happen you think? It was called the Chevy Nova. "Va" in Spanish means go. Car sales didn't go either. All hotel companies are global either in physical presence (Hilton Hotels, Wyndham Worldwide, Starwood Hotels and Resorts, etc.) or in distribution presence (the Web), or in the customers they serve. Let's see how the global marketplace is changing.

From 1994 through 2004, emerging markets (India, China, Russia, Central and South America) more than doubled their share of annual GDP, according to the Euromonitor Integrated Market Database. China is gaining 40,000 new millionaires a year, is adding a new power plant every week and 250 economy hotels per month. Depending on the research organization, China's economy will surpass that of the United States sometime between 2025 and 2039.

The impacts of globalization are multi-fold. From a technology perspective, multi-lingual web sites are common, though not all hotel property data is multi-lingual. In the future this will need to change for a site to be locally relevant (i.e. within the country).

The impacts of globalization are multi-fold. From a technology perspective, multi-lingual web sites are common, though not all hotel property data is multi-lingual. In the future this will need to change for a site to be locally relevant (i.e. within the country). As economies grow, acquiring multi-lingual staff may be a challenge. For U.S.-based hotel companies, in addition to staffing with English-speaking managers, they will need to continually adapt to evolving cultures, booking channels and relevant marketing techniques.

Summary

Our individual experiences and diversity characteristics create our unique personality and worldview. At the same time our experiences and characteristics are similar to those of the people we work with or market to, allowing us to create relationships based on our mutual efforts to achieve our goals. This is a thought worthy of the smile I shared with my friend at lunch.

Floor Bleeker

By Lou Cook

Adding the I.T. to Hosp-IT-ality

Floor Bleeker

Bleeker says in-room technology should be easy to use, providing guests a choice on how they want to operate it. "We try to make it very intuitive and revolve around the guests' needs."

Growing up in Holland, Floor Bleeker lived in a flat, green country, frequently menaced by the North Sea. Now Bleeker lives in a flat, sandy brown country embraced by the Arabian Gulf.

Although his crystal ball was cloudy, his I.T. skills were clear, and today Bleeker is group director of I.T. with the Jumeirah luxury international hospitality group based in Dubai, United Arab Emirates (U.A.E.). Dubai lies on the southern shore of the Arabian Gulf, and its 3,900 square kilometers make it the second largest of seven emirates forming the U.A.E.

The Jumeirah Group encompasses 15 business units in Dubai, New York and London, and include the world's most luxurious hotel, Burj Al Arab, seven other luxury hotels in Dubai, the Jumeirah Essex House in New York City, and the Jumeirah Carlton Tower and Lowndes Hotels in London. The company's portfolio includes Jumeirah Bab Al Shams Desert Resort & Spa, and "one of the world's most advanced water theme park" Wild Wadi Water Park with rides and attractions designed around a tale from Arabian folklore.

When Bleeker arrived in Dubai in March 2001, the desert was new terrain, but hospitality was familiar territory. In 1999, he had earned a bachelors of hotel administration from Hotelschool The Hague in The Netherlands. During his college years, Bleeker spent one year as a management trainee in MIS/HR at a beach resort in Aruba, and after graduation, he spent two years as I.T. manager at Radisson SAS Hotels & Resorts in Brussels, Belgium.

At Radisson SAS he was responsible for the ICT (information and communications technology) management and operations in Belgium, and coordinated the ICT investment, budgeting, training, support, and implementation and development of new systems. One of his major accomplishments there was the set-up and implementation of an extensive computer application training program.

In February 2000 Bleeker enrolled in a Masters of Business Administration program at the University of Colorado. On graduation from Hotelschool, Bleeker received a Fortis Bank scholarship, which he would use to pay for his MBA. He chose Colorado for its excellent campus and online programs and a location close to the Colorado Springs technology centers. After two semesters on campus, the online program became especially important when Bleeker was recruited in 2001 for the Emirates Academy of Hospitality Management (EAHM) in Dubai. He received his MBA from the University of Colorado in 2002.

Bleeker was director of I.T. at EAHM from March 2001 to July 2004. EAMH, part of the Jumeirah Group, is aiming to become one of the world's leading business schools specializing in hospitality and tourism management education. Bleeker coordinated the pre-opening and opening of EAHM. He then managed the I.T. team responsible for e-learning, I.T. support systems development, e-commerce, instructional design, and I.T. teaching and learning. Later the academy's systems, including the campus-wide wireless network, Intranet portal and integrated SIS (student information system) were featured in the international press and at international conferences including, *Enter* in Cairo, Egypt and *Educause* in Atlanta, Ga.

"The intranet portal was unique," says Bleeker, "because EAHM was the first educational institute to use Microsoft

SharePoint portal server to deliver e-learning, collaboration between students and faculty, and instant access to study results and student financials. Part of the degree programs is an internship, which is often done abroad. The intranet portal is used for collaboration between students abroad and faculty in Dubai."

In August 2004, Bleeker was appointed director of I.T. for Jumeirah Group. "In my current role, I am overseeing the teams responsible for I.T. business planning, I.T. project management, business solutions, software development, data warehousing and global expansion," says Bleeker. "I am responsible overall for the functional management of I.T. in Jumeirah business units." Each unit has its own I.T. section. All hotels have on-site I.T. support, in addition to the corporate I.T. department.

He says, "My colleague looks after I.T. security, central support and infrastructure. We both report to the chief technology officer of the Group.

"The property management and central reservations systems (PMS/CRS) are the most important systems in any hotel, and we went through a very thorough process for about a year before selecting HIS Epitome and Core as our next generation hotel systems." Jumeirah's CRS is fully-integrated with its PMS. The Group has developed and implemented I.T. brand standards, and we have established a group-wide intranet and electronic collaboration platform.

More than 21 luxury hotels and resorts are under development by Jumeirah, and the Group plans to have 57 luxury hotels and resorts by the end of 2011. This goal is within reach with projects currently being developed in Dubai, Aqaba (Jordan), Doha (Qatar), Phuket (Thailand), Abu Dhabi, Shanghai, Bermuda and London.

This young company, a little less than a decade old, re-branded to Jumeirah in June 2005 with a new tag line, *Stay Different.* Bleeker says, "Today this is our core operating philosophy." *Stay Different* accentuates the individuality of the Jumeirah portfolio and recognizes the distinctiveness of luxury travelers.

Bleeker describes the in-room technology currently being installed as part of the multi-million dollar refurbishment program at Jumeirah Essex House in New York City as unique and a benchmark for the Group's future plans. "It is the first set-up where the integration between our new PMS system (HIS Epitome), IP telephone system (Nortel), the interactive TV and VOD system (KoolConnect) and the in-room control system (Inncom) is seamless."

Although the above sounds complicated to a non-techie, Bleeker says in-room technology should be easy to use, providing guests a choice on how they want to operate it. "We try to make it very intuitive and revolve around the guests' needs." He describes such options as being able to choose to turn on-and-off the lights either through the television, an LCD panel or a traditional switch, depending on a guest's preference.

In terms of innovative technology, Bleeker is an HFTP member who believes that the hospitality industry has some catching up to do. He helped organize HFTP's first EHTEC (European Hospitality Technology Educational Conference) last February in Amsterdam and sees it as a great initiative. "It's not vendor-driven, but education-led with a strong focus on the hospitality industry in Europe and the Middle East. Many conferences of this type take place in the U.S., but some of the issues discussed may not necessarily be issues within our region."

There are differences between the EMEA market and the U.S. Bleeker notes. "Bandwidth, for example, is not a cost consideration in the U.S. A T1 line that we rent for $150 U.S. a month in New York costs us more than $5,000 U.S. in Dubai. This has an impact when you have to choose between an ASP-based application or an internally hosted application."

Multi-currencies and languages are another point of difference. In Europe you can travel by car and cross multiple countries with different currencies and different languages in a day. This has an impact on the roll-out and support of applications. To reach all customers, a booking engine, for example, needs to support many different languages and currencies and, to train staff effectively, the trainers and training materials need to be offered in different languages as well.

Privacy regulations are different in Europe than in the U.S, and this needs to be taken into consideration when rolling out a loyalty program. Although it may be sufficient to ask a customer to opt out of your program in the U.S., in the U.K. a customer needs to specifically opt in to the program.

In Bleeker's view, helping the industry move forward requires both HITEC and EHTEC to focus more on real innovation whether driven by academics, industry leaders or vendors. "I also think it would be more beneficial to invite thought leaders from other industries to explain their best practices and to identify opportunities to import technologies originally designed for other industries into hospitality. Recent developments around RFID technology are good examples of this. We don't have to reinvent the wheel." He calls HFTP a must for every I.T. professional in hospitality and says, "We need a local chapter for the Middle East to discuss and represent our specific issues."

In Dubai, Bleeker has found an amazing place to live and work. "It is a city with great vision, growing at a phenomenal pace and one of the safest destinations to live. We enjoy a great quality of life here." He extols the positive attitude in Dubai, one that stimulates business to keep developing, innovating and growing. Growth plans for tourism are vast and provide "fantastic opportunities" for everyone in the industry.

Jumeirah's Burj Al Arab does not have rooms; it has 202 suites, each one arranged over two floors and with floor-to-ceiling windows looking over the Arabian Gulf. There are Rolls Royce-chauffeured shopping trips, a brigade of highly trained butlers and private reception desks on every floor. The Group's water park Wild Wadi wows Dubai visitors with an aquatic roller coaster, tubing, a wave pool and body boarding. A Dubai shopping mall boasts the world's biggest indoor ski slopes. "You ski on real snow," Bleeker says. "From a tourism and hospitality point-of-view, this is truly the place to be."