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Cloud systems: Time to go there?

11 Jun 2013

Hotel owners are looking to increase their marketing competitiveness and operational efficiency by exploring the use of cloud-based systems.

Highlights

- Increasingly common among the selection issues is whether to move to a cloud-based system.
- Service-level agreements provide a measure of reassurance by specifying the minimum acceptable level of downtime.
- True cloud systems use specialized architecture that draws computing power and storage from a pool of shared, virtualized servers as needed.

By Jon Inge
HNN columnist

This is the first part in a four-part series from International Society of Hospitality Consultants discussing technology trends in the hospitality industry. Look for parts two, three and four this week.

Now that hotel owners are beginning to feel more comfortable financially, many are looking to increase their marketing competitiveness and operational efficiency by making better use of their guest and operational data. While this can be done by maximizing the use of their existing management systems (investigating previously little-used functions and upgrading intersystem interfaces, for example) it's also a good opportunity to explore new and more capable systems.

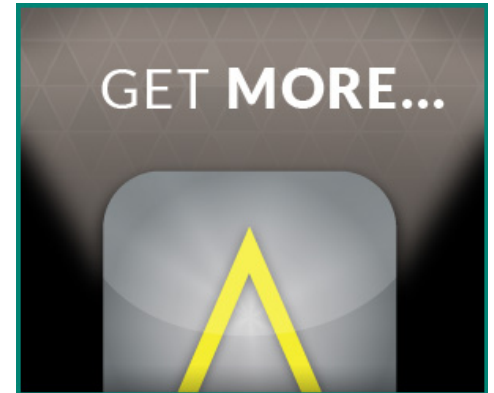
Increasingly common among the selection issues is whether to move to a cloud-based system or stay with one installed on servers at the property level. This used to be a rather restricted choice as remotely hosted systems were focused on the needs of limited-service properties but now almost every vendor offers its products with this option. The advantages are by now well proven: off-loading hardware costs and support expenses to a competent third party, having always current and consistent software in use at all locations in a multiproperty operation, easier comparative reporting and so on.

Cautions about the cloud are still valid, however, and usually cover questions about the reliability of communications lines, data security and access, and interfaces to other systems. For the great majority of properties in North America (and many globally), communications reliability has become almost a nonissue. Choice Hotels and Wyndham Worldwide, for example, each run several thousand properties on centrally hosted systems as a matter of routine. Most hotels have highly reliable Internet access. Interruptions tend to be short term and because many systems are accessible through standard browser backup connections can also be made through a smartphone or tablet with a cell-phone link. Further, some systems maintain local caches of critical data that let hotels keep operating for several hours with no connection at all.



Jon Inge

Service-level agreements provide a measure of reassurance by specifying the minimum acceptable level of downtime, but it's always a struggle to negotiate meaningful financial penalties for noncompliance. Most properties



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are unlikely to have a problem with connectivity, but it's a site-specific issue. A resort in the middle of Montana with frequent communications interruptions in winter would still be better advised to stay with local systems, at least for the most critical guest-facing ones.

Interfaces remain more of a challenge, an increasingly critical one as hotels see their best results coming from the integration of multiple systems and services. Remotely hosted systems do reduce complexity by allowing a single central connection each to Internet booking engines, global distribution systems, credit-card services and other remotely hosted systems (such as revenue management), instead of one per property. On the other hand, what used to be simple internal interfaces to an on-premise property management system from property-based systems such as telephones, point of sale and guestroom key systems now requires a dedicated server to feed them as external links to the central host. Further, a property using several best-of-breed systems may have to develop new interfaces if it moves one of them to the cloud. The property may also find that each vendor uses a different cloud platform, also requiring new interfaces and introducing the challenge of having multiple communications links added to the support task.


Throughout this article I use the term cloud system in the commonly accepted meaning of "a system running on servers somewhere other than on property," but that's only part of the story. True cloud systems use specialized architecture that draws computing power and storage from a pool of shared, virtualized servers as needed, which allows for rapid, dynamic reconfiguration to meet demands. This flexible environment maximizes the use of the central hardware, increases reliability and allows for the rapid addition of a new property to a chain. The systems' modern architecture also allows both for more rapid development (letting the vendors bring enhancements to market much more quickly than with traditional approaches) and for more flexible and capable interfaces with other systems.

When a vendor tells you that it has a cloud-based system, it's worth finding out whether it means just a remotely hosted one or one that truly takes advantage of cloud technology. Why should you care? Well, if it's a true cloud system there should be some quantifiable benefit to the hotel, whether in terms of increased reliability (and hence a higher SLA), lower support costs or faster delivery of requested enhancements.

So, should you switch to cloud systems? For limited-service properties, either independent or as a chain, I believe the answer is yes. The advantages are already significant and the configuration is well proven. More complex operations that use multiple dedicated systems will need to balance the lower support effort of cloud systems against the interface challenges or consider replacing all of them with one of the more comprehensive, fully integrated cloud systems available.



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Jon Inge is an independent consultant in hotel technology. He has more than 35 years experience with hotel systems, gained through working with both vendor and hotel companies and, for the last sixteen years, through his own consulting practice. He compiles a bi-weekly e-newsletter on hospitality technology, and his articles appear frequently in the trade press. A founder member of the HTNG initiative for greater system inter-operability, he has served on HFTP's HITEC Advisory Committee and the AH&LA Technology Committee, and is a member of the International Society of Hospitality Consultants. In June 2006, he was inducted into the HFTP International Hospitality Technology Hall of Fame.

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Mon Jun 17 2013

Great article. Enjoyed reading it for useful information content. Can you please provide us with additional info on why cloud tech is more useful to limited service hotels and how? Thank you.

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