Today's Hotel PMS

Changing the way hotels do business.

WEBREZPRO™

PROPERTY MANAGEMENT SYSTEM

P roperty management systems (PMSs) have become indispensable tools in the challenging world of hotel management. From reservations to administration (and these days, often beyond), PMSs are designed to manage the operations of a complex hotel environment efficiently. And, as we know, efficiency is the key. Without it, quality guest service and profits tend to check out early.

A PMS is not an investment to question, or one to take lightly. In the past, powerful systems came at a price only large hotels could afford, but—thanks to today's technological developments—that is all changing. In the article that follows, we will look at what a PMS means today, how they are rapidly evolving with technology, and how increasingly sophisticated systems are available to all styles and sizes of properties.

First, Let's Take a Look at Our Setting: A Complex Environment

DAILY OBSTACLES TO THE ULTIMATE GOAL

Inefficient management of the daily operational responsibilities involved in running a hotel, bed and breakfast, resort or even a campground can be a significant detriment to guest service and revenue. O'Fallon and Rutherford, authors of the respected industry guide *Hotel Management and Operations* (Fifth Edition, 2011), point out that GMs must invest substantial time and effort in gaining *effective* operational control; 'An important functional characteristic of hotels is that many of their day-to-day business problems have extremely short lead times. That is to say, most service-centered problems in hotels must be solved quickly or not at all.' (p.94).

But how does a run-off-their-feet manager ensure they have the time to tend to spontaneous service-centred issues when they also need to coordinate various departments—from front desk to housekeeping to dining—and ensure standards across the board are met? It is easy to see how guest service and revenue can slip through the cracks of inefficiency.

As O'Fallon and Rutherford observe, 'Hotels are businesses that require an extraordinary degree of interdepartmental cooperation in order to provide high-quality guest service. The functional organizational design used in most hotels fosters efficiencies within each department of a hotel but is weak with respect to coordination between departments.'(p. 84).

It may take all of a GM's time to oversee daily operation but it shouldn't, for the resourceful manager is also responsible for the profitability of the property. An empty room is lost revenue. Capital investment and ROI need to be taken into careful consideration. Service and rate strategies should be aligned with shifting external factors (which, needless to say, is a challenging task in the recently disheartening economic environment). Wow, talk about pressure.

TECHNICAL COMPLICATIONS

Hotels are technological entities. Today's guests expect Internet access, entertainment systems, and iPod docking stations. Lobbies might feature self check-in and touch-screen kiosks. Conference facilities are equipped with projectors, sound systems, computer stations and videoconferencing technology. On-site restaurants feature reservation systems and touch-screen POS (point of sale) terminals. And then of course there are the in-room and office telephone systems, front-desk and office computers, credit card terminals, reservation software, PMSs, accounting programs, CRM (customer relationship management) systems and RMSs (revenue management systems). And don't forget the hotel website, the online booking module and the mobile booking app. IT managers are kept on their toes.

For maximum efficiency, many of these systems need to communicate with one another. CRSs (central reservation systems) should automatically align online reservations with telephone bookings and walk-ins, while PMSs should also interface with phone, credit card, POS, keycard and entertainment systems. Hotels boasting more than one location are probably not bragging about the disconnection between properties; the inefficiencies of reservation tracking and reporting, messy cross-location data and capital expenditure double-ups.

Implementing all this technology is expensive. A good PMS that covers a major chunk of a hotel's operations and interfaces with the property's other systems can cost thousands of dollars to install, license, maintain and train staff to use.

Furthermore, dealing with this stew of machinery—both hardware and software—gives rise to very real concerns about security. What happens if the network or server goes down? How do we prevent system hacks? Credit card details and guest profiles comprise extremely sensitive data and protecting this information is vital.

Last, but definitely not least, in our current app- and Cloud-based climate, staying current is crucial. In a rapidly evolving technological world, how do hotels keep up?

Enter, Your PMS

A COMPREHENSIVE AND EFFICIENT SYSTEM

In the hospitality industry, property management systems are designed to make hoteliers sleep more soundly. This invaluable technology was originally developed to manage bookings, guest charges, check-ins and check-outs, room inventory and availability, and rates, all on a single platform accessed via a hotel's computer system. For decades, PMSs have also interfaced with traditional hotel systems such as credit card terminals, keycards and phones. By providing a modern medium through which to connect and administer these fundamental operational tasks, PMSs have done away with the disorganization, inaccuracy and inefficiency of paper-based methods.

But in today's increasingly complex environment that may no longer be good enough. Now, it is somewhat standard that a PMS incorporates—either via eintegrated modules on a single database or by interfacing with other dedicated systems—front- *and* back-office accounting, food and beverage, resort and package activities, housekeeping, channel management and GDS (global distribution system) connectivity, CRM and RMSs. These days, PMSs can provide a single platform through which hotel staff can access, update and track all the relevant information concerned with the day-to-day (as well as past and future) function and well-being of the property, across all departments. And even across multiple property locations (a bit more on this later).

The nitty-gritty of how the system does this—the technical architecture—is for another article. After all, as Carson Booth (General Manager at Starwood International Licensing Company Sàrl) succinctly noted in a Technology Roundtable discussion for *Hotel Yearbook 2010*, 'The hospitality industry is about people, not technology. In the end, we want guests to enjoy their stay [and] sleep comfortably.'[1] And this is where the modern PMS steps up. Not only does it pave the way to efficient operational control but as a thoroughly integrated system, it also liberates the hotelier somewhat from technical responsibility, which is instead managed by the PMS vendor. Hotel management is free to focus on what really matters: guest satisfaction.

AN INTELLIGIBLE SYSTEM

As property management systems have become integral to the hotel environment, both functionality and design have improved dramatically. They are becoming ever more user-friendly and intuitive. Even considering high rotation of employees, new staff are quickly and easily brought up to speed, thanks to logical system navigation and streamlined user interfaces. For example, many PMS products now offer single-screen availability calendars (or "tape charts") from which reservation clerks can enter and change bookings, check guests in and out, assign rooms, access guest folios and more. Systems are becoming increasingly flexible in accommodating rate changes, packages and

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1   *Balancing innovation with practicality: the IT challenges in 2011*, Hotel Yearbook 2010, Wade & Co. SA

overrides. Data is more comprehensive, accurate and accessible, allowing for improved tracking and reporting, uncomplicated accounting, and ultimately, enhanced guest service and increased revenue.

A STRATEGIC SYSTEM

Thanks again to enhanced data collection, tracking (and reporting) improvements and the progressively integrated nature of PMSs (many of which boast integrated CRM and revenue management capacity or at least interface to these systems), hoteliers can really take advantage of heightened customer relationship and revenue management abilities. Reports across the board have long played a critical role in identifying and tracking trends, defining rate, availability and channel management strategies, and balancing wear and tear on guest rooms, while guest data affords plenty of opportunities to personalize the guest experience. But PMSs are getting even smarter.

With an integrated PMS covering most, if not all, facets of the property, guest folios are more comprehensive than ever. On-property guest activities, from golf and spa to in-room technological requirements/usage (Internet, entertainment systems, etc.), are automatically recorded on guest profiles, providing invaluable prospects for "customizing" each guest's stay and meeting their needs more closely.

This, of course, also leads the way to smart e-Marketing strategies—via analytics and business intelligence tools—based on repeat guests' folios. Thanks to richer guest profile information, email marketing campaigns become even more targeted and effective. Guests can even provide feedback via automated surveys, which is then incorporated straight into their folio.

AN ADAPTABLE SYSTEM

While an international resort with multiple properties spread throughout the world needs significantly more extensive functionality from their PMS than a charming five-room bed and breakfast, efficiency is essential to both properties. In order to maximize efficiency of use, a PMS must be scalable to fit property size and amenities. A "light" version of the system covering room reservation software and a web booking engine may be all the small bed and breakfast requires. The international resort, however, will need a PMS that manages not only room reservations and various packages, but on-property dining, spa, golf and casino operations, GDS relationships, partnerships with airlines, CRM and yield management, front- and back-end accounting... and all across multiple locations. Perhaps a new business is looking for a system that will grow with it, a system that can

provide centralized management for multiple locations as the hotel brand expands. An adaptable PMS caters to a range of property types, without sacrificing efficiency.

Traditionally, PMSs were very localized. Companies with more than one property had to install a separate version of the PMS at each site. With each property running on an independent database, information is not easily shared between locations. Obviously, this is not very conducive to determining availability between properties, cross-selling or analyzing bookings, revenue and trends across locations. Today's PMSs have adapted to the needs of multi-property businesses by providing centralized management on one database, smoothing out procedures across the group.

A CUTTING-EDGE SYSTEM

There's no denying the general shift to the online world, and the hospitality industry has been swept along with it. Generation Y is entertained by, connected by, shops on and books hotels on the Internet via personal computers, office computers, smartphones and other mobile devices. HeBS Digital's fifth annual survey (2011) on hotel digital marketing reveals that more than 45 per cent of North American hotel bookings are now made online. It only makes sense then that half of hoteliers surveyed shifted funds from traditional to Internet marketing budgets. A hotel has to have an online presence these days. And it's no longer enough to just have a website.

Riding the Web wave, most PMS vendors offer Web booking modules that can be integrated into the hotel's own website. Online reservations are automatically updated to the property's reservation records in the PMS, with a choice of automatic or manual confirmation settings. Online booking modules can accommodate group bookings, packages and last-minute deals, and access to special rates for corporate and industry clients.

Today's PMSs also provide two-way GDS (global distribution system) interfaces, connecting hotels to major online distribution channels like Expedia and booking.com. Room availability and rates on the third-party website are kept up-to-the-minute via the connection to the hotel's PMS, and any bookings made through the third-party channel are automatically added to the hotel's reservation record.

But this is all old news, really. The latest trend is going mobile. Today's spontaneous travellers are searching for accommodation and making bookings on the go from smartphones, tablets and other mobile devices. The HeBS Digital survey mentioned above chronicles nearly 75 million smartphone users in the USA, and predicts that by 2014, the number of mobile Internet users will exceed the number of desktop Internet users. And that's precisely why PMSs are rapidly starting to offer mobile booking engines, as well as innovative apps such as internal mobile housekeeping records. Today's travellers are also sharing experiences in real time with the rest of the world. With the

social media era upon us, we can start to expect PMSs to mine guests' comments and reviews from websites like Facebook, Twitter and Travelocity for CRM and marketing purposes.

Let's look at one other important and recent development of the modern PMS: the shift to "The Cloud."

The Clouds Are the Limit (Or Are They?)

Property management systems were traditionally deployed as software that had to be installed on a computer located at the property. The program physically existed in a very concrete way at the hotel, like your Microsoft Office suite. However, unlike your Microsoft Office suite, the complex PMS demands hefty "minimum" system requirements, including powerful operating systems and serv-

ers. And this hardware needs to grow with the property and keep up with technological advancement and system upgrades.

The Cloud-based or Web-based PMS, on the other hand, is not actually located at the hotel. It exists in "The Cloud," deployed over the Internet. It is also known as SaaS (Software as a Service); the storage, processing power, applications and database that the PMS software requires are hosted remotely on shared, secure servers located at dedicated computer facilities and provided to the client on demand. The hotel accesses its secure PMS through the Internet, eliminating the need for much of the hardware. A computer and an Internet connection are all that's required. The system can even be accessed through a smartphone.

There are many advantages to Cloud computing. Even government agencies and financial institutions are doing it.

A Better System?
Cloud-based PMSs are rapidly gaining popularity. Let's look at why.

The price tag is an incentive for many property managers (especially of small to mid-sized businesses) to turn to a Cloud-based PMS. With the product—or more accurately, service—delivered via the Web, there is no need for a property to invest in and maintain the substantial hardware required to house a traditional PMS. And because of the communal notion of Cloud computing (computer

resources are shared between the vendor's clients), Cloud-based systems tend to have attractive pricing structures based on subscription, per-booking or per-room models, making sophisticated products more accessible to smaller properties. Cloud-based systems are also enticing for their easy set-up and operation. Because on-site software is not required, there is no need for IT personnel, software installation and pricey upgrades. Any improvements or upgrades to the Cloud-based product are deployed without hassle, across all properties and often without cost.

Doing away with such a sizeable capital expense is an obvious benefit to revenue but it also means that property managers, no longer bound by the major investment demanded by traditional PMSs, gain more control over their properties with the freedom to switch PMS providers as business demands and technology evolve.

WHAT TO LOOK FOR WHEN CHOOSING A CLOUD-BASED PMS

History & Expertise
How established is the company? Does the product have proven success?

Client Folio & Testimonials
Who uses the product? What do they have to say about it?

Partners & Interfaces
Does the PMS vendor cooperate with other hotel systems to provide true property-wide management?

Features
Does the PMS offer all the functionality you need, like GDS channel management, online room reservations and an integrated accounting system?

SLAs on RTO (Recovery Time Objective)
What are the company's service level agreements when it comes to down time? How fast can they get you back up and running? Is there an offline mode or connection back-up?

Data Security
What does the company offer in terms of data back-up? Does the PMS allow full database downloads at any time?

PCI Compliance
Does the system comply with strict payment card industry standards?

Pricing & Support
Is the price (and pricing structure) competitive? Is product support included?

Furthermore, doing away with the hardware associated with a traditional PMS frees the property manager from considerable technical responsibility. The hardware associated with traditional systems is not only expensive but the installation and maintenance of it is the responsibility of the hotel; the PMS vendor is only responsible for the PMS software. On the other hand, vendors of Cloud-based PMSs are accountable for the servers, databases, processors and other required infrastructure, which is all housed securely with the vendor or at dedicated data centres. That's easy!

As mentioned earlier in this article, data security and technical reliability are part and parcel of a GM's daily concerns. The concept of Cloud-based computing often heightens these fears—how can data be safe floating around in the Cloud?—but PMS vendors have a lot at stake. They employ strict measures to ensure that client data is well protected. Data backup, network stability, virus protection, access control and such are handled by IT experts; either the PMS vendors themselves or dedicated hosting companies.

Reliable Cloud-based PMS providers offer protective procedures like redundant Internet connections, 24-hour monitoring and diesel-powered electrical backup. On top of that, most Cloud-based PMSs permit data downloads at any time, and some generate automatic nightly emails containing the hotel's current and upcoming reservation information in case of Internet connection loss. If the hotel's front-desk computer crashes, the Cloud-based PMS can be accessed from another computer (or even a mobile device) connected to the Internet.

And that brings us to another unique Cloud-based advantage: *remote accessibility.* Satellite offices and remotely located personnel have access to the system as determined by management. Not only is this convenient in the case of computer or Internet failure, but it is also a handy feature for operators of seasonal properties, for example, who can manage reservations made during the off season when they are closed.

So far, it is mainly small and mid-sized companies that are jumping on the Cloud with enthusiasm; worldwide chain properties—which are typically steadfast to their own purpose-built and reliable legacy systems—tend to be more cautious. However, the advantages of Cloud computing are undeniable and major brands are increasingly testing the water of the Cloud environment through the private Cloud model (a data centre dedicated to one organization) and via hybrid models combining private and public Clouds.

InterContinental Hotels Group, Choice Hotels and La Quinta Inns & Suites are examples of these forward-thinking giants, and they seem to be reaping the benefits. La Quinta's chief information officer noted that since implementing Cloud-based systems in 2007, a PMS upgrade process that used to take six weeks now only takes 12 hours; furthermore, La Quinta has cut its operating costs by half.

To Sum It All Up

No one needs to tell a GM that organization and efficiency are critical when dealing with the multi-faceted responsibilities of a hotel manager. Execution of the host of day-to-day tasks involved in running the property significantly impacts guest service and revenue, and this is where the PMS comes in. We have looked at how modern property management systems have gone beyond reservations management and administration to streamline coordination between all departments—front- and back-office—and even cover CRM and revenue management, which only makes sense, really. Today's PMSs are essential tools to achieving heightened guest service and maximizing profits.

These days, there are a great number of products on offer, ranging in functionality and delivery (locally installed or Cloud-based systems) to suit any size or style of property. As we have observed, more and more businesses in hospitality are going online, realizing the power of the Internet in marketing and distribution. Following this trend, PMSs have also taken to the Web and offer Web and mobile booking engines, GDS interfacing and even Cloud-based delivery of the system itself. The latter of which comes with very persuasive advantages, opening up advanced (and traditionally highly expensive) products to all types of properties.

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WebRezPro™ is a Cloud-based property management system designed to meet all front- and back-office needs, and is currently used by hundreds of properties in 20 countries. Visit www.webrezpro.com or call 1-800-221-3249 for more information and to request a free demonstration.