

# HOTEL Yearbook 2014

FORESIGHT AND INNOVATION IN THE GLOBAL HOTEL INDUSTRY

SPECIAL  
EDITION ON

## TECHNOLOGY



# A memo to hoteliers

by **Michael Levie** 

As a founding partner of Netherlands-based citizenM hotels, Michael Levie is known as a maverick in the technology field, mirroring the reputation of the company itself as a breed apart. Heading the group's operations, Michael has taken an unconventional approach to the industry's many technology challenges. The Hotel Yearbook asked him what advice he would give to his counterparts around the world for the year 2014 and beyond.

**To:** Hoteliers everywhere  
**From:** Michael Levie  
**Date:** September 6th, 2013

Dear colleagues,

The impact of technology on the hospitality industry is significant; I guess we all agree on that.

It hits us from various angles, falls into clearly different categories, and as our guests are getting spoiled at home, they expect the same from us hoteliers. In-depth technology knowledge is needed these days to stay up with all the changes and new opportunities.

So how can we hoteliers deal with them adequately, make our hotel lives simpler and have an appropriate answer to the new, high-technology demands of our guests?

First, become aware and have a clear view of how many systems and different pieces of software we operate, are adding, and are allowing to complicate our hotel system's structure. Just because it is offered by vendors, or available against opex conditions, doesn't mean it adds to the (guest) experience.

Second, break down the main hotel technology providers into possibly three areas, and have them subcontract all other (sub)services. SaaS systems and remote access allow for total outsourcing and major savings. Reducing to three vendors gives you three first-line support contact points, thus a strongly simplified technology landscape and staffing requirement.

So which three areas are we talking about?

- **Hotel systems:** SaaS offering PMS / CRS / CRM functionalities, with subcontracted services like POS systems, kiosks, etc.
- **Smart rooms and building systems:** IP-based in-room technology converging over central networks are a solution for providing the latest and most flexible offering. This can include in-room content, or door lock technology and more...
- **Internet:** This goes way beyond our web and mobile sites, but rather addresses the fact that it has become a way-of-life dependency. This field calls for experts way beyond our industry and is a must to educate yourselves about.

And then there is **demand management**, which is the combination of channel management, distribution, revenue management, Internet transparency (concerning both rate and online reputation), and of course the macro and micro influences of the market. Dividing these tasks up among



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different departments – i.e. not bringing them together in one P&L top sheet line item (“distribution costs”) – is asking for trouble. Yet 95% of the industry is set up this way.

To make a quantum leap, you need a shift in mindset. And after years of tough recession, when we have become concerned about the financial impact of what we do, not acting will only make things worse.

So get educated; ask for help from professionals; admit to what you know – and more importantly, what you don't know – and stop being led by vendors.

“Legacy” should mean taking a new look at current possibilities, thinking of security, thinking of short-term and long-term flexibility, and first designing where you would like to be next. Only then should you look at what you have and create the bridge, operationally and financially.

In our hotel industry, only a few companies can afford great, up-to-date CIOs (Chief Information Officers) who function cross-divisionally and form part of the top of our organizations at board level. Most have tech-savvy individuals who have been promoted up from within their organization, and who advise senior management on the future. Often they only have operational experience to draw upon, and are hardly (or not at all) capable of providing vision.

So my advice is not to take all of this lightly; to get support from experts from outside your organization; to get the base education yourselves and lead this process – which is a vital one for the future success of your company. No, you don't need to know it all, but rather just enough...

Keep in mind that our guests are totally spoiled everywhere, and we won't get away much longer with what we have managed to get away with so far. Waiting is not an option.

Good luck with your technology decisions,

*Michael Levie*

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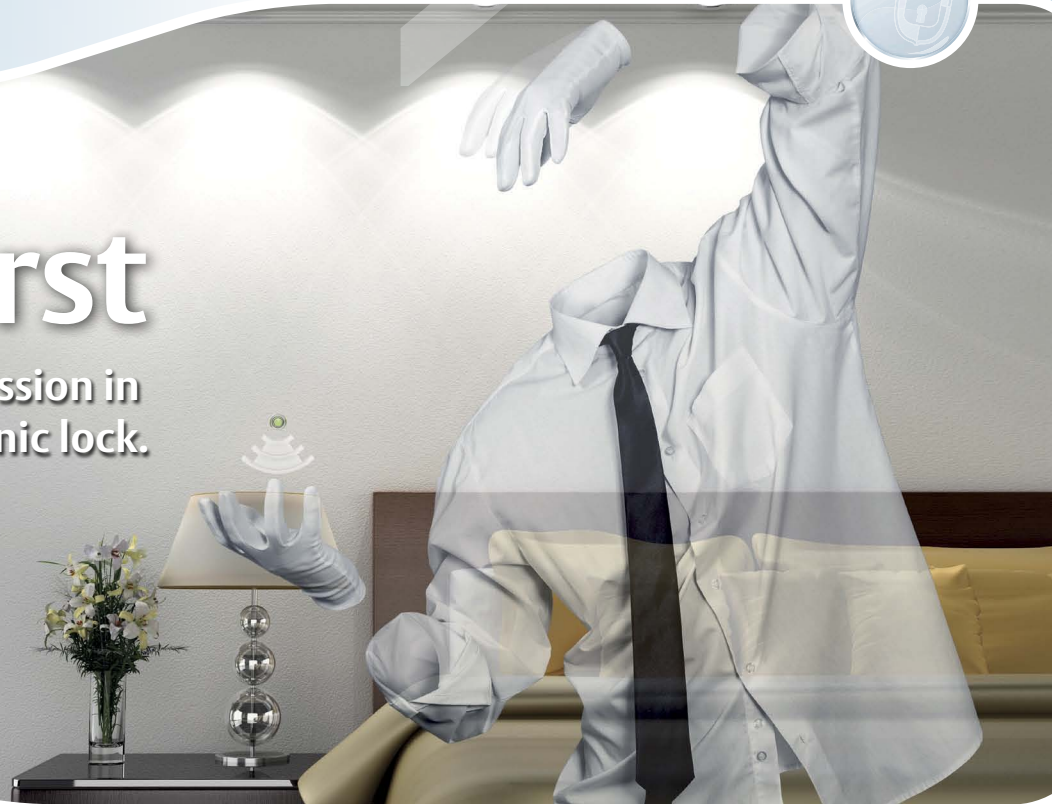
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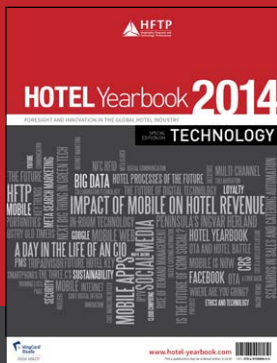
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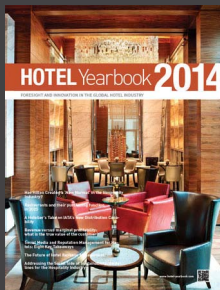
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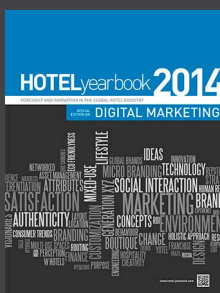
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