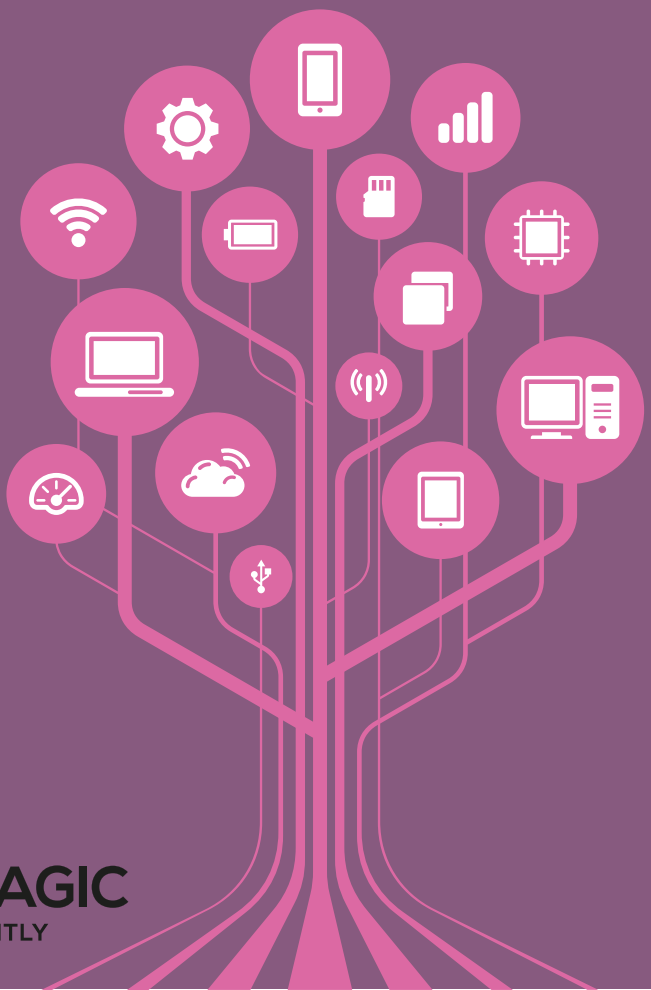
HOSPITALITY TECH REPORT 2017

Recognising the challenges and trends faced in technology within the hotel industry.



SYSTEMAGIC

DOING IT DIFFERENTLY

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Foreword



I'm a firm believer that technology should complement guest experience not dictate it. Having spent 15 years working with a huge cross-section of hotels and guest-houses I have seen first-hand how the sympathetic use of technology in the hospitality industry can surprise and delight guests, adding to their experience and winning reviews and repeat business.

It's obvious to us all that tech is becoming integral to hospitality. Aside from booking, point-of-sale and entertainment systems, guest-led technology is increasing exponentially. The average short term guest now brings 3 devices to your hotel, putting an ever growing strain on your internet connection and network and if my instincts are correct then in-room technology is going to filter down from the 5* properties to the rest of the industry within the next few years.

My team and I continue to work with some amazing hotels – from luxury guest houses to city-centre boutiques, country escapes to no-frills business accommodation, assisting with everything from refurbishments and relaunches to upgrades and ongoing support. As we celebrate 18 years in business, and almost as long helping hotel technology to expand and improve, we have decided to launch our first Hospitality Tech Report to give hoteliers and technology providers an overview of hospitality tech and some pointers about where it might go in the coming year.

If you're planning a refurbishment, considering upgrading your systems or looking where to place your IT spend for the coming year then this report is for you!

James Eades
Managing Director
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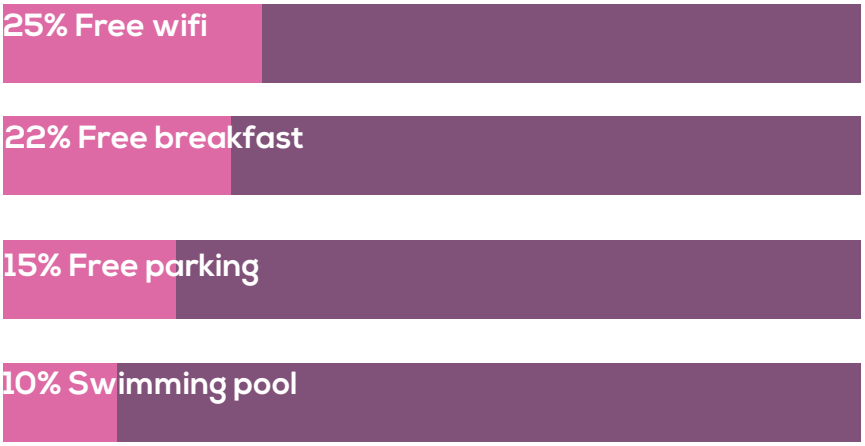
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GUEST
CONNECTIVITY

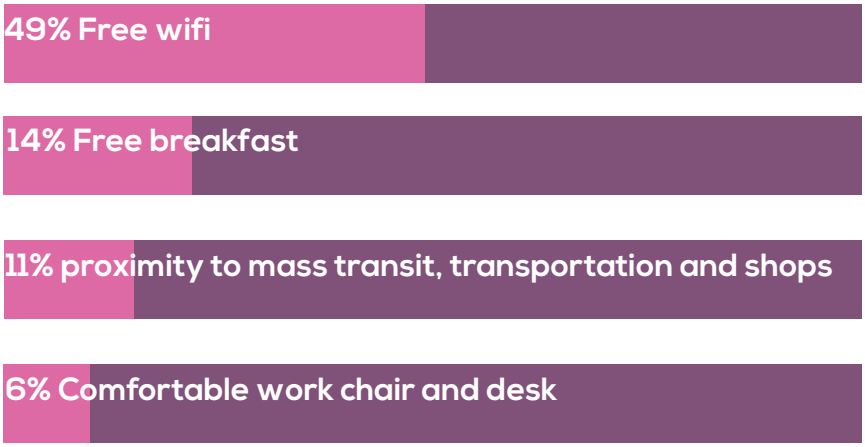
THE STATS..

Even back in 2015 surveys by MyHotel and Hotels.com examined the importance of free WiFi in the hospitality industry. Both drew unsurprisingly similar conclusions: Free WiFi is essential, not just in public areas such as the bar, but across the entire hotel [1].

LEISURE



BUSINESS



What amenities are deciding factors for when both business and leisure travlers make their choice in hotel [3]

For business travellers in particular, having access to the internet when they are out of town is a must. In a world of instant communication internet is vital for the on-the-go business person. This is why hotels are making high speed guest internet more and more readily available.

Referring back to Systemagic's blog last year 'The importance of being connected.' Free Wi-Fi is a key consideration for 49% of business travellers in their choice of hotels, with free breakfast second at just 14%. Even for leisure travellers it is a prime factor with over 25% of customers listing it as critical in their choice of hotels, more important than free parking at 15% [2].

Another survey by Roomzzz revealed 65% of guests log-onto Wi-Fi within 7 minutes of check-in, and a quarter of guests say that they would not stay in a hotel that didn't provide free Wi-Fi. In our view, high speed wifi and good connectivity, often provided for free are going to be useful in the hospitality sector over the next 18-24 months.

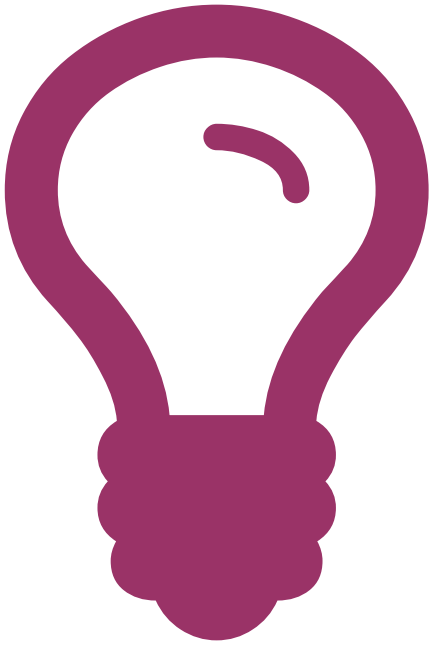


SECURITY

WHAT TO CONSIDER..

The Lodging Technology Study 2016 directed that payment security should be a major concern to all hoteliers. [4] Hotels are attractive targets for hackers because of the constant flow of guests and credit card data, across a complex and varied network. Your guests are counting on you to provide a secure and reliable network.

Widespread use of technology devices in hotels and the increasingly security conscious travellers has introduced a new focus on security for hoteliers. Systemagic's Technical Director, Chris Sweet, gives us his top 3 security considerations for your hotel:



1. **Client Isolation.** Aside from making sure that a guest with a virus-infected laptop can't infect other guests, it's vital to demonstrate that each guest's privacy is protected. Without individual guest devices being isolated from each other, guests may find that modern software like iTunes or Windows 10 will try to share data with other computers that it finds on the network.

2. **Wifi Keys.** Many hotels still believe that an "open" wifi network without a security code improves customer service and makes life easier for guests. However, many guests, including leisure travellers are becoming much more savvy and concerned about security and modern devices will warn them when connecting to an open wireless network "warning – this connection may not be secure". This negative suggestion from the device can quickly remove any satisfaction gain from not having to enter a key. Our advice is simple. Always use a security key and change it regularly.

3. **Provide a separate network for guests**. Seen mainly in guest houses or smaller boutiques, often wifi networks are shared by guests, staff and internal systems. Not only does this put you at risk of virus infection or data theft it can also put you in breach of data protection legislation. Always provide guests with a separate wifi network even if you ultimately share the same internet connection.

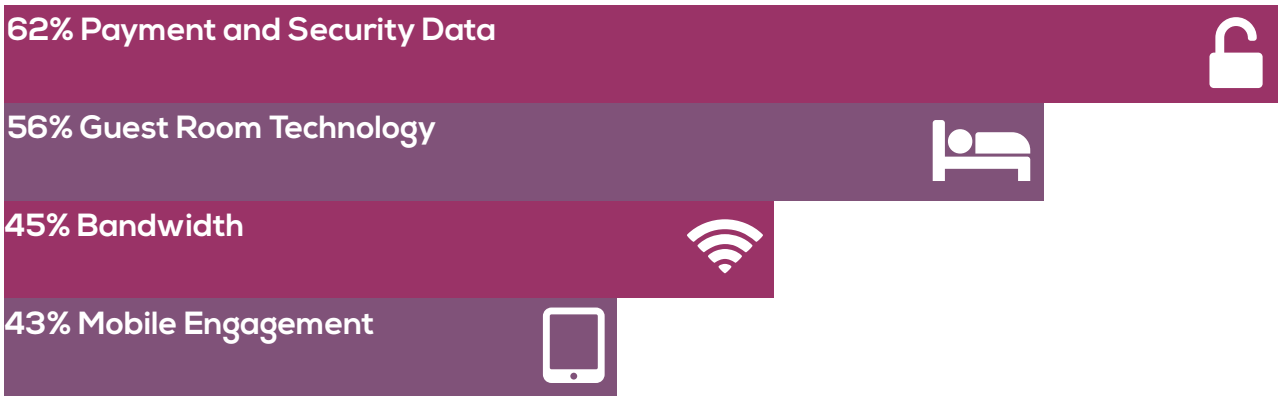
Hopefully these 3 tips seem obvious, in which case you're already taking precautions and protecting yourself and your guests. If you're not sure what you have in place, then it's worth checking before your guests ask. In 2016 we found that more guests than ever were asking for details about what security was in place before using free wifi.

DEMANDS ON INFRASTRUCTURE

DID YOU KNOW..

We continue to see an exponential rise in demand for fast, secure and reliable internet and advances is video and cloud-based technology will continue to place ever-increasing loads on our systems. This report has already identified that wifi is a key consideration for travellers, and today's increasingly data-driven world means that guests' needs center around HSIA (high speed internet access) more than ever before.

PRIORITIES IN 2016 FOR HOTEL SPENDING[4]



It's very simple, hotels that offer super-fast guest wifi and a huge amounts of bandwidth immediately have an advantage over competitors. It's worrying that hoteliers placed higher priority on spending on in-room technology in 2016 than on bandwidth in the '6 Mega-Trends in Hotel Technology special report 2016' as without a robust infrastructure adding extra technology to the guests' visit can create frustration.

Internet speeds are dictated by three things:

1. **The speed of your internet connection.** ADSL broadband or even a single BT Infinity connection is no longer sufficient when guests have these connections all to themselves at home. Dedicated fibre is all but essential and if you rely on business travellers then reliable HISA with a good upload speed should be top priority.

2. **The speed of your internal network.** Good quality network cabling, network switches and modern wireless access points can mean the difference between super-fast connectivity and annoyed guests. Modern devices require modern networks, so expect to upgrade your wireless network every 3-5 years as technology improves.

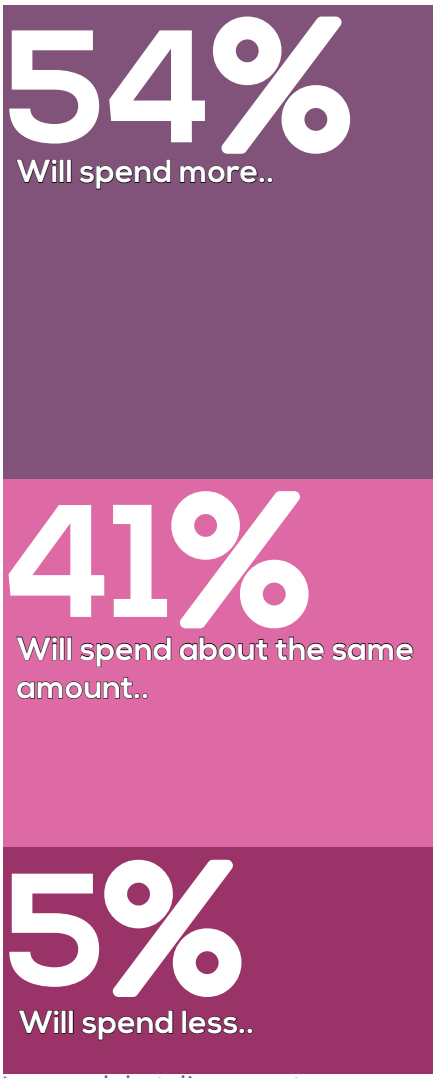
3. **Fair distribution of bandwidth.** If I check in to your hotel and monopolise your internet speed by watching 4k video on Netflix while downloading large files from my office then the other guests aren't going to be impressed. Modern systems should be able to make sure that each guests has a fair share of the available internet and network speed, with extra available to heavy users if available.

In our experience, Internet capability is the single most important consideration when budgeting for ongoing IT services. Where we work with hotels who have one or even multiple super high speed internet connections we observe far higher occupancy and far higher guest satisfaction levels and where we have introduced HISA the feedback has been, without exception, the hotelier would have implemented it earlier had they known the positive impact if makes on staff and guests alike.

IN-ROOM TECHNOLOGY

GUEST ROOM TECHNOLOGY

The Lodging Technology Study 2016 reported that 56% of hotels identified guest room tech as a priority for their next budget. By late 2017 that percentage is set to rocket as the UK follows the trend seen in the US hospitality industry in recent years[4].



How much hoteliers spent on technology in 2016 in comparison to 2017.

Now is the time to consider whether in-room technology can add to and improve your guest experience or your business. Could it generate revenue through F&B sales or room upgrades? Could it direct guests to local partners and attractions? Or would it detract from the experience that they've come for?

It's no longer just luxury 5* properties who are using in-room technology to improve guest service and business performance. These systems are making their way down to all types of hoteliers, guest houses and boutiques. The most integrated systems offer the freedom for staff and guests to control elements such as room temperature, music, television and lighting settings and even entry level systems can upsell room service or even simply welcome the guest to the room by name. While it's clear the in-room tech is not appropriate for every property, there's certainly an opportunity for both increasing revenue and adding to the guest experience.

We've had a very mixed experience with in-room technology. In one hotel we introduced iPads in to every bedroom to offer content and F&B booking and after 3 months found that they simply weren't being used by business or leisure guests. Conversely we've seen a simple wireless music system be used extensively for guests to play their own music while in the room and smart TVs with wireless keyboards be extremely popular and noteworthy in reviews.

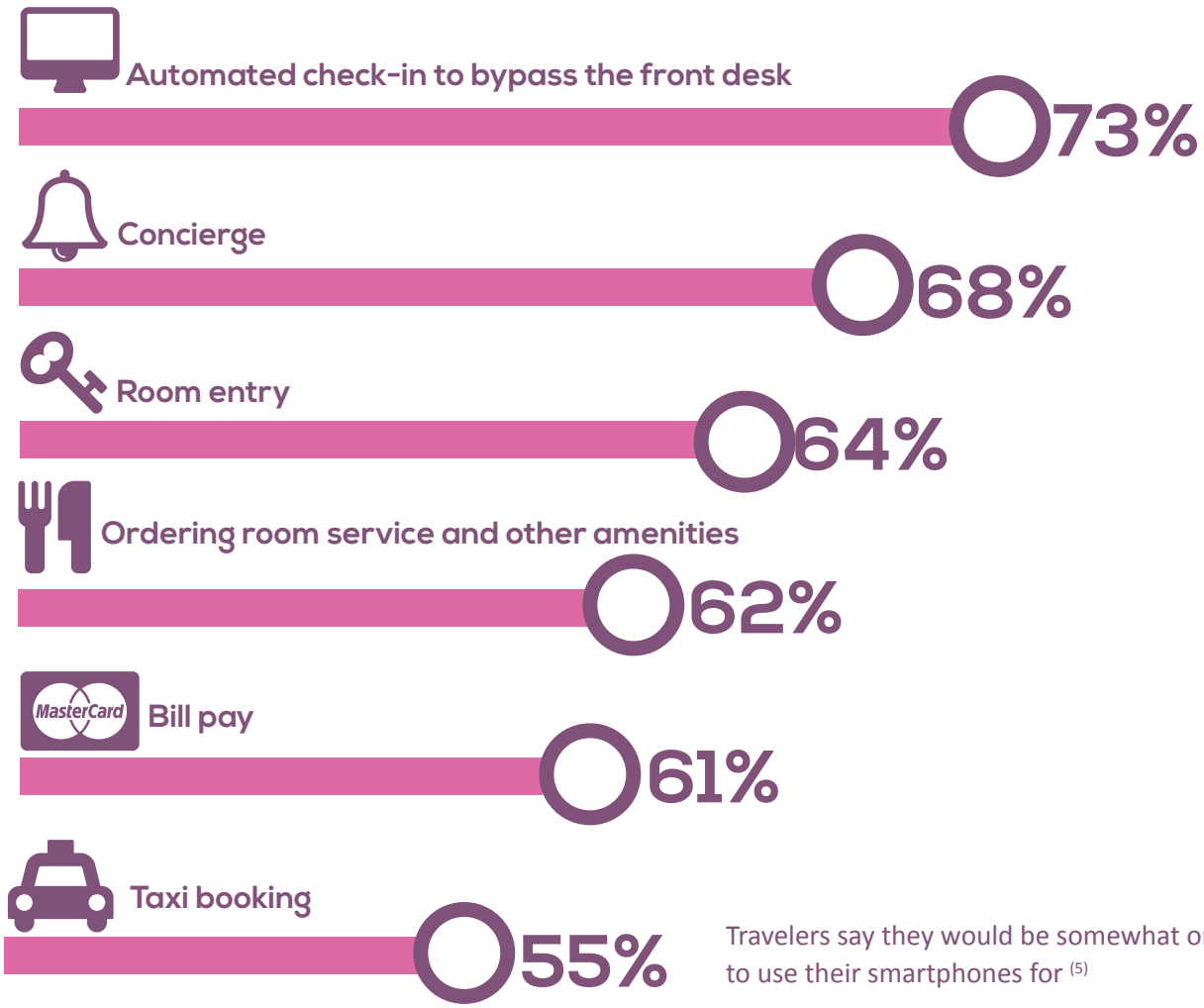
Our key tip based on our various case studies is that hoteliers should carefully consider expenditure in this area. Think about your customer demographics, the business case and your staff before just choosing the latest big thing. And perhaps most importantly of all, check your infrastructure is sufficient to rolling out the technology as nothing more upsetting to guests than shiny technology that doesn't work.

GUEST EXPERIENCE

ARE YOU DEVICE FRIENDLY?

The New York Times estimated in 2016 that by the end of the year, over one billion people would own a smartphone[6]. So it's no wonder that as well as the large hotel chains smaller independant hotels are following suit in becomming smartphone friendly.

The average short term guest will bring 3 devices to your hotel. Some longer term guests, especially those staying for leisure may bring more and will certainly expect to be able to stream high quality video content through their devices regardless of the existing in-room entertainment. As previously mentioned smartphones and tablets are fastly changing the way in which the hospitality industry provide a service, whether that be through keyless mobile check in or swiping through room tempratures on a tablet, these elements are fastly becoming the new norm. Although these advances are becoming increasingly popular they do some with their own set of vulnerabilities but realistically these devices are here to stay so the question is are you ready?



Travelers say they would be somewhat or very likely to use their smartphones for [5]

LOOKING TO THE FUTURE

MOVING FORWARD..

Although it's exactly what you'd expect to hear from a techie, recent trends in hospitality and the many reports referenced in this study show clearly that technology can be used to give hoteliers a competitive edge and ensure a great guest experience. Throughout the portfolio of hotels, guest houses and B&Bs that my team and I work with, those that embrace and invest in technology also enjoy far higher occupancy rates. Coincidence? Perhaps, but this report has shown that technology is now a key consideration for guests – corporate and leisure – when booking a stay. It shows that tech is certainly as important an investment as décor, beds, F&B…

I remain adamant that technology should enhance, not dictate, guest experience and have enjoyed visiting a number of extremely high end establishments this year where technology has been expertly integrated with the property. In many cases we can now even show a direct ROI from investment, through increased business or event bookings, repeat bookings and direct feedback.

If I had to make one prediction for 2017 it would be that internet bandwidth will become the most important part of a hotelier's tech arsenal. Just this week one of our customers had a request for 100Mbit of completely dedicated bandwidth for a relatively small conference booking and I expect this sort of request to become more and more common as the rest of the world continues to embrace high quality video, on-demand entertainment and secure always-connected devices.

I hope this report has been useful. We run a twitter profile dedicated to tech news for the hospitality industry so if you're a twitterer you can find us on **@hoteliertech,** we also make regular posts to our dedicated website, **www.hoteliertech.co.uk**, and our main website **www.systemagic.co.uk**. Please do get in touch if you're considering investment in technology this year, want to discuss any of the topics covered in this report or simply want to give us a thumbs up!

James Eades

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