



## WHITE PAPER

# Why change? 9 benefits of replacing a legacy hotel PMS

Hospitality, hotel property management, hotels and resorts

### Investing in robust hospitality technology in an evolving era

Change can be a difficult and often expensive proposition. Yet even for popular hotels, casinos, and resorts, tried-and-true methods for tending to guests and keeping operations running smoothly don't guarantee ever-increasing profitability. Striking the balance between stability and innovation is an important one, especially as the competitive landscape shifts. But for many organizations with a legacy hotel property management system (PMS) in place a common mindset is: "Why fix what isn't broken? We have guests to serve."

Frequently updating systems is an involved and front-loaded expense. Yet change is inevitable as we have learned in a dramatic way in this era. Evolving guest expectations and the new technologies that support them drive constant change as much as other essential factors that demand that organizations meet challenges in short order. It's imperative to invest in new technology to stay ahead of these trends. So, what does that mean in practical terms when hospitality businesses are confronted by the question: "Why change our PMS?"

## Adaptability amid shifting landscapes

Providing impeccable service at a hospitality location or for the brand is a continual journey. Technology changes all the time, and guest expectations change along with it. Adaptability is the secret to delivering the best possible experience during a stay, whether it's a single night, a week, or longer. To help organizations achieve that, the hotel property management system is the central hub for all operational activity.

At a minimum, the PMS is essential for checking guests in and out and producing a folio. For some organizations that have stuck with legacy on-premises systems, this has been just enough to get the job done up to now. However, those basic PMS functions are not filling out the whole picture, especially now in a time of unprecedented disruption.

Hospitality businesses must account for how fast things change, and plan around it. In a shifting industry and competitive landscape, they need to create a stronger basis for better services in line with current guest expectations, more streamlined processes, and greater profitability that a legacy PMS can't deliver. To break it down, let's explore a list of the nine benefits of replacing a legacy system and investing in an advanced hotel PMS solution for hospitality, casino resorts, and leisure.

### 1. Take advantage of a cloud-based SaaS subscription model

Cloud technology and infrastructure has been a topic of conversation for many years across multiple industries, as has the software-as-a service (SaaS) model to manage applications. Worldwide end-user spending on public cloud services was forecasted to grow 23.1% in 2021 to total \$332.3 billion, up from \$270 billion in 2020, according to the latest forecast from Gartner, Inc.<sup>1</sup> The hospitality industry has certainly participated in talking about and implementing advanced cloud PMS and other essential solutions in response. With the unpredictable nature of the pandemic, the adoption of digital transformation, and investment in related cloud technology has sped up by several years.<sup>2</sup> As this era deepens, that rate of adoption is likely to accelerate.

The SaaS model deployed in the cloud bestows many benefits upon businesses that include more straightforward implementations, greater elasticity when increasing or decreasing the number of locations that use the software, and fewer associated costs such as sourcing and installing server hardware.

### Advanced property management systems—essential functions

Beyond checking guests in and out, here's what an advanced PMS helps organizations do more efficiently:

- Enable upgrade options at the booking stage, contactless check-in and check-out via personal devices, and more
- Obtain a clearer picture of who guests are via integrated guest profiles to inform better communications
- Connect seamlessly with other solutions into a single data environment
- Provide real-time visibility and intuitive processes to support staff and the guest experience
- Unify all locations to achieve a higher vantage point for growth, planning, and profitability across the whole organization
- Scale for future growth in new locations and new markets, and as new technologies emerge

One more compelling reason that the SaaS model works so well for businesses of all kinds is that software upkeep and necessary updates happen automatically without the requirement of in-house IT staff availability.

SaaS automatically introduces new features and integrations that contribute to a better guest experience and more efficient operations. With SaaS, all of these are implemented across all locations simultaneously and made ready for use in the same manner. That also includes vital security updates to help brands preserve and protect business and guest data. Among other things, this kind of deployment is all a part of creating unity across a range of locations and sub-brands, while also guaranteeing that businesses have the most up-to-date version of the software in every applicable location without expending unnecessary time, effort, and resources.

## 2. Make better sense of business data with advanced analytics

Cloud-based hotel PMS solutions represent the shift from siloed data, which was the norm when many legacy PMS were first installed. In the past, each location in a business commonly served as its own data center disconnected from others. These days, the PMS is recognized as a treasure trove of potentially game-changing business insights that reveal a clearer path to success in a current market, or act as an indicator as to where to expand into new ones.

Thanks to the cloud, it's now easier for organizations to get a more inclusive and detailed view of what's happening through more integrated analytics across a whole brand on demand. This is now the preferable way to view business data in a less fragmented way, providing a more objective view of what's happening with a much wider lens. In the cloud, organizations can access and analyze data in all locations in real-time, at the same time.

This is yet another way a cloud-based property management system empowers businesses to see what's truly happening in individual locations to better gauge performance by comparison using data collected in all locations. This includes unified reports that are more easily created and accessed than they have been with a legacy PMS in place. When that workflow is streamlined and the barriers between locations are removed, it's much easier to turn an analytics report into actionable strategy, resulting in greater commercial traction and a more profitable business.

## 3. Unite systems into a more efficient technology platform

Similar to a PMS, solutions for point of sale, events management, gaming systems, and pricing and revenue management are becoming more focused on data collection. With that in mind, organizing these areas of the business into the same ecosystem is an effective way to identify the best opportunities for increasing profitability.

When those other solutions are interoperable with the PMS, you get the sharpest and most complete view of services and transactions to put raw data from multiple sources into a coherent context. Technology solutions should always be integrated into a single platform to best support the guest experience. At the heart of that platform, the PMS must integrate with current and future solutions.

A property management system with the ability to grow alongside other internal tools supports omni-channel functionality and provides greater access for staff, enabling them to do their jobs better. This not only streamlines operations, but it provides a more comprehensive view of the data at the analytics and strategy stages. The resulting efficiency makes for happier staff leading to better guest experiences and employee retention, too.

## 4. Easily connect to popular third-party applications and services

Running a successful hotel organization involves managing a lot of internal systems. Additionally, there are numerous external technology solutions that play a role in the day-to-day operations of the organization and reporting. This can include payment providers, in-room IoT devices, OTAs, and loyalty and rewards programs that all connect via API.

These technologies and sources are evolving and improving all the time. For organizations to create the smoothest and most efficient processes that connect to these varied external elements, their property management system must be flexible and responsive to third-party solutions that are integral to its operations—across all locations, and at the same time.

It is much easier to deliver a superior guest experience with an advanced, cloud-based PMS that relies on API calls from a range of sources than it is with a legacy system. A legacy system that cannot scale with new technologies as they become necessary can hinder businesses as they seek to stay competitive.

## 5. Improve day-to-day operations for staff

Empowering staff by giving them solutions that are intuitive and make their jobs easier provides many benefits. With those applications, organizations will have happier staff that are easier to retain, because it will be that much easier for them to succeed in their roles. Employees at all levels want to do good work.

So, when an outdated system doesn't help them manage tasks that impact the guest experience, a team's agility can be obstructed. The resulting frustration can affect how satisfied they are in their positions both short term and long term. It can also negatively impact the guest experience and brand reputation when the details that create great service fall through the cracks.

When an organization's incidents and requests are centralized in an interface that's easy to use due to its well-planned UI, services are improved. Good design boosts worker confidence, and removes the guesswork when operational issues arise, or even when a system makes staff aware of those issues in good time.

When staff can access and gain visibility on key information about a task or incident on mobile devices integrated with an advanced PMS solution, teams can prioritize those tasks and accomplish them with greater efficiency. Being able to maintain a high level of performance is the key to delivering the next-level experience that industry-leading brands seek to deliver consistently.

## **6. Enable mobile-friendly capabilities to deliver better services**

Mobile technology continues to transform nearly every aspect of life across all industries, putting processes directly into the hands of users. Mobile software solutions integrated into advanced hotel PMS across a whole organization free staff from the front desk and empower them to identify guest requests and manage them from anywhere in the property.

With greater visibility and control from mobile-enabled housekeeping apps, staff can manage their schedules more easily and improve services as a result. A mobile-capable PMS can be a game-changer for operations managers who need to access pricing information and revenue management at a glance whether they're on-premises or not.

Similarly, a mobile-based UI supported by advanced property management systems deployed in the cloud is also essential to helping leaders to stay connected, enabling them to do their jobs from wherever they are. This type of solution adds agility to identifying trends and issues and increases the ability to respond in good time.

This is true from the guest's point of view, too. The benefits of mobile technology can radically improve many activities during a guest's stay, and even before then at the booking stage. A property management system must be able to support what a modern guest expects and how they interact with the moment-to-moment processes of their experience at every stage.

This includes checking in via a mobile device from the airport or in transit. It means having upgrade options, reservations, and other details made available to them right up front. Mobile-based processes like this lend a greater sense of agency and control, applicable to every location in which guests will stay.

Most importantly, mobile-centric processes deployed via PMS organization-wide are a vital expression of how well the hotel group aligns with the expectations for service and cultural values of their guests and prospects. That's a powerful idea of true service at the heart of mobile technology and its use by businesses. It's an important reason for replacing a legacy PMS that doesn't support excellent customer service.

## **7. Create a more secure environment for guest and business data**

Data collection and analysis has been well-established as the lifeblood of any modern organization. Consequently, data security has never been more important for businesses. On top of that, the hospitality industry is specifically targeted by cybercrime.<sup>3</sup>

High profile incidents involving recognized industry leaders that include the theft of guest email addresses, payment details, dates of birth, and other vital information underscore that point. The responsibility for keeping business and guest data safe and secure is proportionate to how valuable it is as a business asset. That's yet another reason for replacing a legacy property management system and any outdated solutions connected to it especially where security is concerned.

An advanced cloud-based PMS helps to alleviate some of the security burden firstly by removing the physical risk posed by an on-premises server. It's much easier to prevent an intruder from accessing data on a server when that server is not on the property. Otherwise, there are many factors that play a vital role in making sure that an organization's PMS and its technology platform are secure. These can include: automatically implemented security updates in the SaaS model, and the number of eyes that are on activities connected with business data.

This also includes encryptions and other protocols that are managed by a provider. Compliance and other areas of governance remain in the purview of each hospitality organization itself. Yet the topic of best security practices is a common one discussed and planned between SaaS PMS providers and their customers. Therefore, investing in an advanced PMS is also an investment in valuable expertise and a dynamic collaboration around important security concerns.

## 8. Gain a higher standard of tech support and collaborative opportunities

Being supported by experts in an ever-evolving industry can mean the difference between staying competitive and being left behind. When it comes to security, find the best expertise you can. Plus, collaborating with an expert partner lessens the burden on in-house IT staff in managing issues that crop up from legacy hardware and in applications in general.

The around-the-clock availability that the industry requires makes this a vital mandate. The SaaS model and the level of support it represents connects to another powerful idea: leading vendors of cloud-based property management systems possess a vast knowledge of best practices and emerging trends that are industry wide and way beyond the scope of a single business.

A PMS delivered and supported by cloud-based SaaS becomes more adaptable and more reflective of features and benefits that set the pace for the whole industry—even an ever-changing one. This benefit goes beyond simple troubleshooting and timely updates, although that kind of support also becomes more efficient.

When an organization invests in an advanced property management system, they're also investing in dialogue with the experts who have expertise in the industry with a clear vision of its future. This provides more chances to collaborate on and to support systems geared toward where the industry is headed.

## 9. Better prepare for emerging and future technological innovation

The most important thread to follow is the inevitability of change and how agile companies must stay to manage it. The industries, technologies, and individual companies that handle change the best accept that it's a constant. This correlates with cultural changes and how consumers now expect technology solutions to serve their needs.

When legacy systems were first designed and implemented, the industry landscape was not the same as it is now. And the guests who would once line-up to check in or who expected to have to call the front desk to confirm a reservation or submit to other more manual processes are long gone. Today, guests and staff alike expect more fluidity and sense of connection and control. They demand same efficiency they enjoy from the technology they use in other areas of their lives. Legacy systems can't always support that level of service, and often don't.

### How to approach replacing a legacy property management system

Replacing a legacy and/or on-premises PMS in favor of a cloud and SaaS-based one is a worthy investment. But where should organizations start? Here's a selected list of tasks.

- Get C-Suite alignment on business goals and long-term company direction as it relates to PMS replacement, and allocate budgets and resources accordingly
- Gather a taskforce of stakeholders including representatives from operations, IT, financial, and communications to determine and create task lists, timelines, and milestones
- Review the status of other solutions—POS, RMS, and events management software—to determine the effects of a PMS replacement, if any
- Conduct a system-wide present-state assessment to determine how to maintain business continuity during the proposed replacement process
- Freeze development on new features in legacy systems and related projects

Bottom line—hotel organizations need to move away from static solutions so that they can embrace more dynamic ones instead. That means striking a balance between what works now, what will, or not, work in the future, and how to manage that when it's time to set KPIs, timelines, and budgets.

Change is inevitable. New technologies and cultural behaviors will continue to evolve. And when they do, the PMS that best supports those technologies will be the one that also supports efficiency and profitability, a happy and productive staff, and a consistently great guest experience.



## Meet emerging challenges with an advanced hotel PMS

Investing in a new property management system and replacing a legacy system can be a daunting prospect. Many organizations wonder if that should even be a priority at all, especially if the current system can take care of the basics without disrupting services.

Yet, being able to scale a hospitality and gaming business to meet emerging challenges with new technologies, address and satisfy the changing nature of guest expectations, and implement more efficient and ultimately more profitable processes and practices are necessary capabilities to staying competitive.

## Where are you in your digital transformation journey?

How well does your current property management system help you meet your goals and realize your vision for your organization? What barriers are you facing when it comes to assessing your current solution and contemplating a replacement?

Which of the above benefits to investing in a new property management system is the most relevant to your situation? Answering these key questions will lead your company in the right direction.

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1. Gartner, "Gartner Forecasts Worldwide Public Cloud End-User Spending to Grow 23% in 2021," April 21, 2021, press release.
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