

Skift + Alice Present:

The Hospitality Industry's New Platform Paradigm



From Amazon in retail, to Uber in transportation and Airbnb in hospitality, a variety of businesses across multiple industries are embracing platform strategies. For the hotel industry, this new model offers a both a competitive threat and an opportunity. By using technology to deliver services in more convenient, faster and more transparent ways, these companies are building massive businesses and threatening incumbents. But the truth is that this model offers plenty of lessons for traditional hotels. How can hotels harness the power of platforms to seamlessly unify their operation and realize huge gains in revenue, efficiency, and guest satisfaction in the process?



If you have any questions about the report please contact trends@skift.com.

Upgrade your hotel with
ALICE Guest,
ALICE Concierge,
ALICE Staff,
ALICE API
 working
 seamlessly
 together as a
unified platform



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“We chose ALICE because of their best in class operational platform. We have been amazed by the transformative power of sharing one solution across the entire property. The increased level of service offered to our guests is evident.”



Albert Smith
 SVP

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About Us

Running a hotel is a complex operation, with multiple departments that need to come together to provide service to the guest as one. ALICE has created a platform that allows hotels to unify their guest, staff, and vendor ecosystem into a single operation; an integrated system that provides seamless communication, accountability, and efficiency to running a hotel. The platform offers an innovative way to make the guest experience sticky by providing an end-to-end experience that connects all the service providers to ensure consistent service delivery.

ALICE Suite, which brings together the ALICE Staff, ALICE Concierge, ALICE Guest and ALICE API modules into a unified platform, allows hotels to connect guests, staff and hotel operations teams quickly and easily. The platform is fully integratable with PMS, POS, and all other third party management systems.

ALICE was founded in 2013, and has raised \$13.5M to build out the technology with its partner hotels. It is gaining rapid traction in its mission to help hotel operators and owners leverage innovative technology to create happier customers, and more efficient and effective operations teams. ALICE's partners include independent hotels, hotel groups, residential condominiums, serviced apartments and third party service providers that leverage the API.



Executive summary

In the last ten years, a new technology strategy has displaced entire industries that were once deemed unstoppable. That technology model is “The Platform.” The likes of Uber, Airbnb, Amazon, and others have risen from the ground up and built a new infrastructure for delivering services to consumers. With technology at their core, these companies are able to receive, dispatch, monitor and analyze service requests with exceptional precision, optimizing their operations while engaging directly with and owning their consumers. They have leveraged technology to unify their end-to-end operations. By operating more effectively, they make room to create customer delight, a.k.a. hospitality, and dominate their respective industries. Their true innovation lies in the new operating models that these technology companies have delivered to their industries.

In this report we take a look at the rise of platforms and how hotels can learn from this paradigm to evolve their operations. Hotels already share lot of similarities with the platform approach, in that they bring together a multitude of services into a single guest experience. But running a hotel is difficult. Hotels are complex operations requiring the precise choreography of multiple departments acting as one to deliver consistent and impeccable service. At the same time, hotel budgets are shrinking while guests are quick to apply newly-raised expectations created by the superlative customer experience and connectivity that the platforms have enabled. This is to say nothing of the overlapping guest-to-staff messaging tools, fragmented back-end software systems and analog communication services that make delivering on these promises challenging.

With so much worry over the distribution battle with the online booking players and increasing competition from the sharing economy, it is easy to lose track of the core tenant of hospitality - providing great service. To deliver exceptional service and match today's elevated guest demands, a hotel must have truly outstanding operations and the technology to match. The report goes on to look at the current technology make up of a hotel, offering an emerging framework of unified, open and sticky technology strategies hotels can use to evolve their operations to flourish in this new "expectation economy."

Table of contents

About us 3

Executive summary 4

Table of contents 5

Introduction: Platforms Are Eating the World 6

The Opportunity and Challenge of Hotels As Platforms 9

Outside Pressure Pushes Hotels To Evolve 12

The Sharing Economy's Impact On Hotels 12

Consumer Pressure To Evolve Guest Experience 12

The Barriers To Embracing Platforms 14

What Is Required For Hotels To Harness A Platform 14

Unifying Guest Engagement 15

Limiting Analog Communication 15

Simplifying Hotels' Back End Systems 17

How To Achieve Hotel As A Platform 18

Become Unified 18

Become Open 19

Become Sticky 20

The Future of the Hotel Platform 22

Executive Letter 24

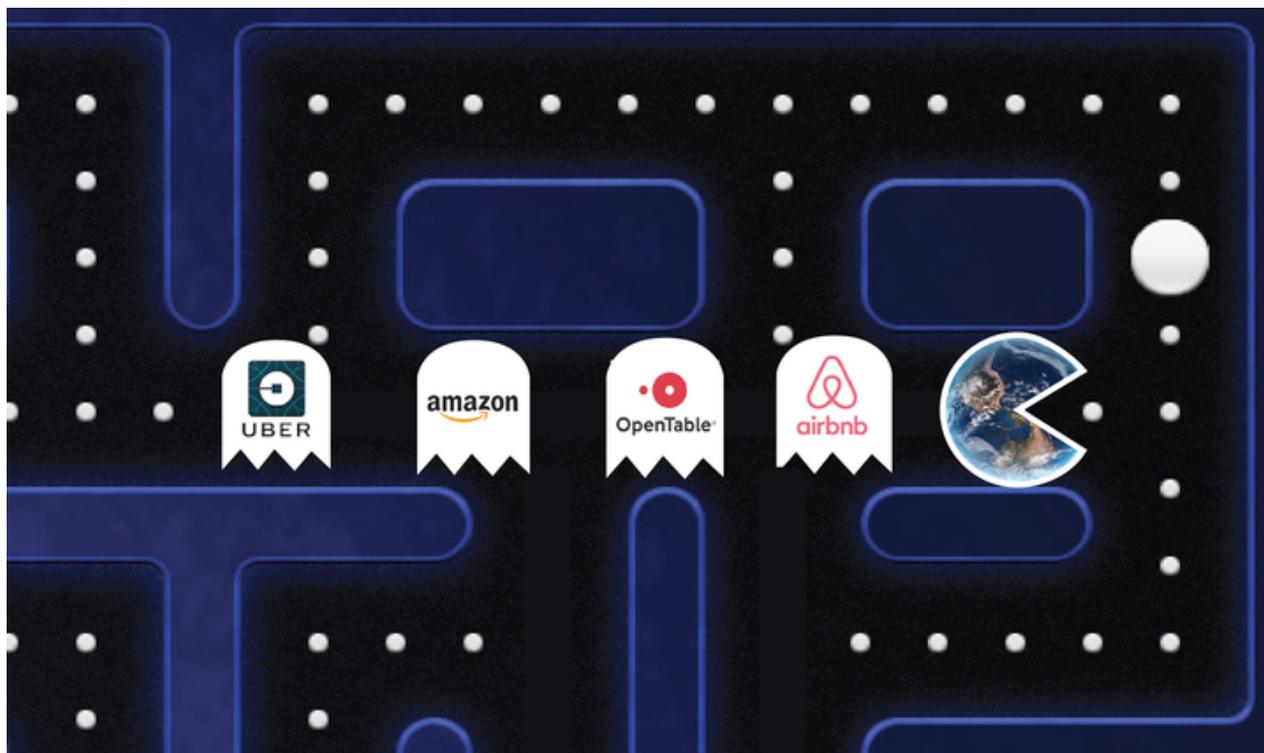
About Skift

Skift is a travel intelligence company that offers news, data, and services to professionals in travel and professional travelers, to help them make smart decisions about travel.

Skift is the business of travel.

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Introduction: Platforms Are Eating the World



“Platforms are eating the world,” noted Sangeet Paul Choudary in his 2016 book “Platform Revolution.” “The disruption they are driving is reaching businesses one industry at a time and is likely to hit practically all information-intensive industries at some point.” As Choudary explains, a “platform” is a business model that uses technology to connect people, organizations, and resources in an interactive ecosystem in which amazing amounts of value can be created and exchanged. The value and efficiencies they create are so great, in fact, that companies that embrace this approach can quickly surpass established incumbents in many industries. One need only look at sectors like retail (Amazon), transportation (Uber) or hospitality (Airbnb) where this is already the case. But even though this new platform approach seems like a disruptive force, it can also offer lessons for how any business can operate in a more effective way. How might the travel industry, specifically hotels, harness the power of this platform approach to thrive?

According to a study done by Accenture on The Platform Economy, digital businesses are set to represent 25% of the world's economy by 2020, and the platform business models represent a fast-increasing proportion of this overall total. In the travel industry, the platform approach is already becoming prevalent. TripAdvisor, for example, which originally started as an online reviews site, has expanded toward a platform approach, helping travel businesses manage their reputation, helping consumers book tours, and now even reserve hotel rooms. OTA platforms like Expedia (\$17bn) and Priceline (\$66bn) have redefined what it means to be a travel agent, connecting guests to hotels through technology, and becoming the category's most dominant players. In less than ten years of operating, Airbnb's most recent valuation was higher than that of Hilton, Marriott, Starwood and Wyndham, the largest hotel chains in the world.

Behind the market success of platforms is an evolved way of melding operations together through technology. Platform companies have been successful because they bring together consumers, services, and content into a single ecosystem, which drives exponential value. If we can get a better understanding of what makes platforms effective, we can learn how to apply this model in traditional organizations like hotels, allowing them to ultimately be more open, unified and sticky for guests.

Understanding The Rise Of Platforms: How Can Hotels Benefit?

Although the concept of platform systems has been around for some time, it's actually digital technology that's dramatically upended the notion of how platforms can create value for businesses. According to Three Elements of a Successful Platform, a Harvard Business Review article based on Sangeet Paul Choudary's book, "The rise of platforms is being driven by three transformative technologies: cloud, social, and mobile. The cloud enables a global infrastructure ... social networks connect people globally and maintain their identity ... mobile allows connection to this global infrastructure anytime, anywhere."

These transformative technologies offer a powerful toolset for hotels to harness, but simply installing a new piece of software by itself isn't enough to capture the value of a platform. "People make the mistake of conflating a platform with an app or a website, but a platform isn't just a piece of software," said Alex Moazed, writing for the blog of technology company Applico. "It's a holistic business model." The real value comes from operational gains that result from combining different systems together into a seamless whole.

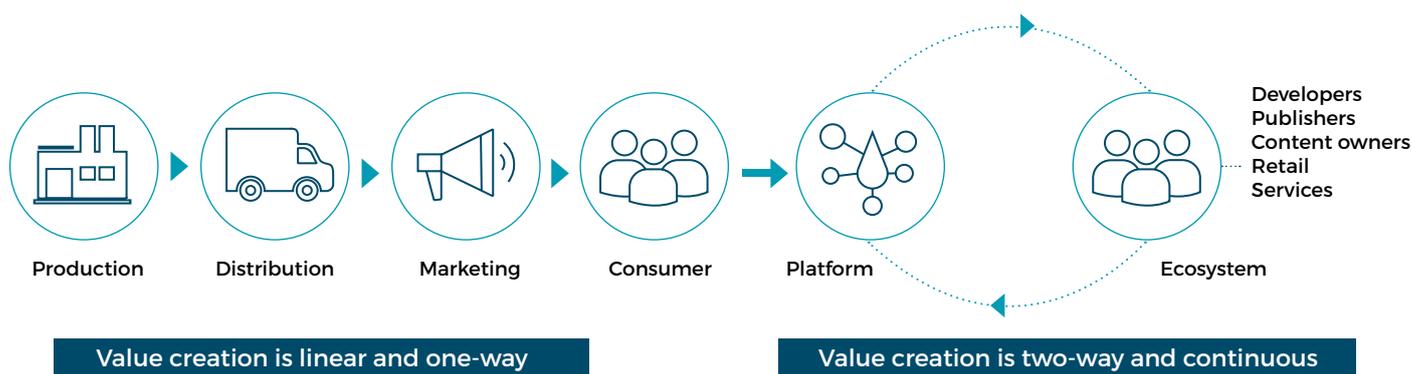
By taking a holistic approach to technology, platform businesses are able to shift the “rules of the game” and provide value to stakeholders with radically different operating models. “Uber, the world’s largest taxi company, owns no vehicles ... And Airbnb, the world’s largest accommodation provider, owns no real estate,” noted Tom Goodwin, vice president of strategy and innovation for Havas Media, in a 2015 opinion piece written for TechCrunch.

However, this “asset-light” model Goodwin mentions is only one of the many operational innovations achieved through platform technology. Hotels do not need to abandon owning rooms to harness the platform strategy. According to Prakash Shukla, 2016 HFTP International Hospitality Technology Hall of Fame Inductee and ex-CIO of Taj Hotels, “Airbnb’s true innovation is being an end-to-end platform. From reservation, to room allocation, to customer service, to customer rating, to provider rating. It is an end-to-end process that makes them so successful.”

Can hotels leverage this platform approach to improve their end-to-end operation? While many hotel owners have aspirations of putting this platform approach into practice, a variety of obstacles and challenges block their way. “The hospitality industry by and large is fragmented ... There is a focus on booking and loyalty, but a gap with in-stay operations,” said Shukla, “It’s very difficult to get things done, and you are always doing special programming projects to stitch systems together. Therefore if you have a platform, it’s a huge benefit to the industry, because it makes guest and staff communication a lot easier.”

TRADITIONAL VALUE CHAIN BUSINESS MODELS

PLATFORM-DRIVEN BUSINESS MODELS



A Platform strategies create a new framework for hotels, allowing them to rethink how they deliver a variety of services and functions into a single unified system. (Accenture)

The Opportunity and Challenge of Hotels As Platforms



As it turns out, hotels have all the makings of a great platform business, in the sense that they create value by serving two or more groups of people who need each other. "Every day, hotels coordinate thousands of interactions between guests and staff across the front desk, food and beverage, maintenance, housekeeping, and concierge to name a few," said Alex Shashoua, President of ALICE. Each department works together to deliver a combination of services that ultimately serve guests.

For hotels, the platform gap lies in areas where technology intersects with operations and guest communication. Choudary notes that the main difference between traditional businesses and the modern platform is "the addition of digital technology, which enormously expands a platform's reach, speed, convenience, and efficiency."

Hotels today do not operate by these platform benefits, and, as such, are both missing opportunities and being placed in a vulnerable position. "A platform that fails to evolve by adding desirable new features is likely to be abandoned by users who discover a competing platform with more to offer," said Choudary.

Currently, hotels are not leveraging platforms in their guest operations business because most of the focus is on booking and loyalty. "Hotels are not succeeding at the platform strategy because their biggest platform is the PMS (Property Management Systems) and the CRS (Central Reservation System)," said Shukla. "This does not do anything about guest satisfaction or guest servicing."

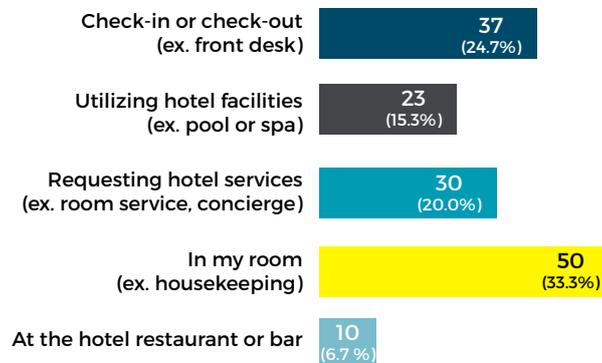
Consumer pain points with the hotel experience suggest many hotel properties

aren't doing enough to assist today's discriminating, tech-savvy travelers. According to a recent Skift consumer survey, which asked travelers about the most frustrating part of the hotel experience, core operational functions like housekeeping, requesting hotel services, and check-in/check-out all topped the list of pain points.

Surprisingly, even the staff responsible for booking are aware of the gap in service. Take for example a survey of attendees at the 2016 Revenue Strategy Summit (RSS), which investigated the top guest issue found in online reviews. The top guest complaint for respondents was "Staff Service," mentioned by 56% of respondents. This begs the question: why might hotels be receiving low marks on core operations that should be under their control?

As it turns out, many hotels realize they need technology to help improve guest satisfaction, but don't have a holistic strategy that integrates technology as part of a broader guest satisfaction vision. "You [first] have to identify the problem are you trying to solve. People get caught up in the 'how' and they don't really consider the 'why' and the 'what,'" said Greg Adams, chief digital officer for Best Western, in a May 2016 interview with Skift. Without a clear objective, technology solutions are limited in their impact.

WHEN STAYING AT A HOTEL, WHAT PART OF THE HOTEL EXPERIENCE DO YOU TYPICALLY FIND MOST FRUSTRATING?

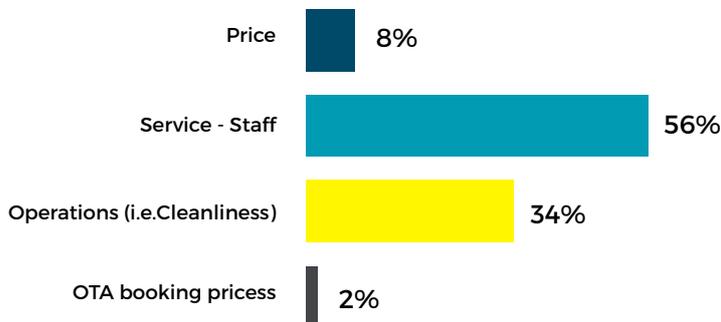


▲ A recent Skift consumer survey found that core hotel operations like housekeeping, check-in and check-out were often cited as sources of frustration for guests, suggesting an opportunity for a more holistic approach to operations.

Unfortunately, many implementations of technology at hotels only seem to answer this "how" question. Nearly every week in the travel industry trade press, another hotel chain announces the next step in hotel technology. Marriott is adding messaging to their mobile apps to better engage guests, Commune is driving guest engagement through direct SMS, and Starwood is expanding its initiative for app based keyless entry. While all these solutions are innovative, "they are all isolated experiments. How you tie all these together, that is the real key," said Shukla.

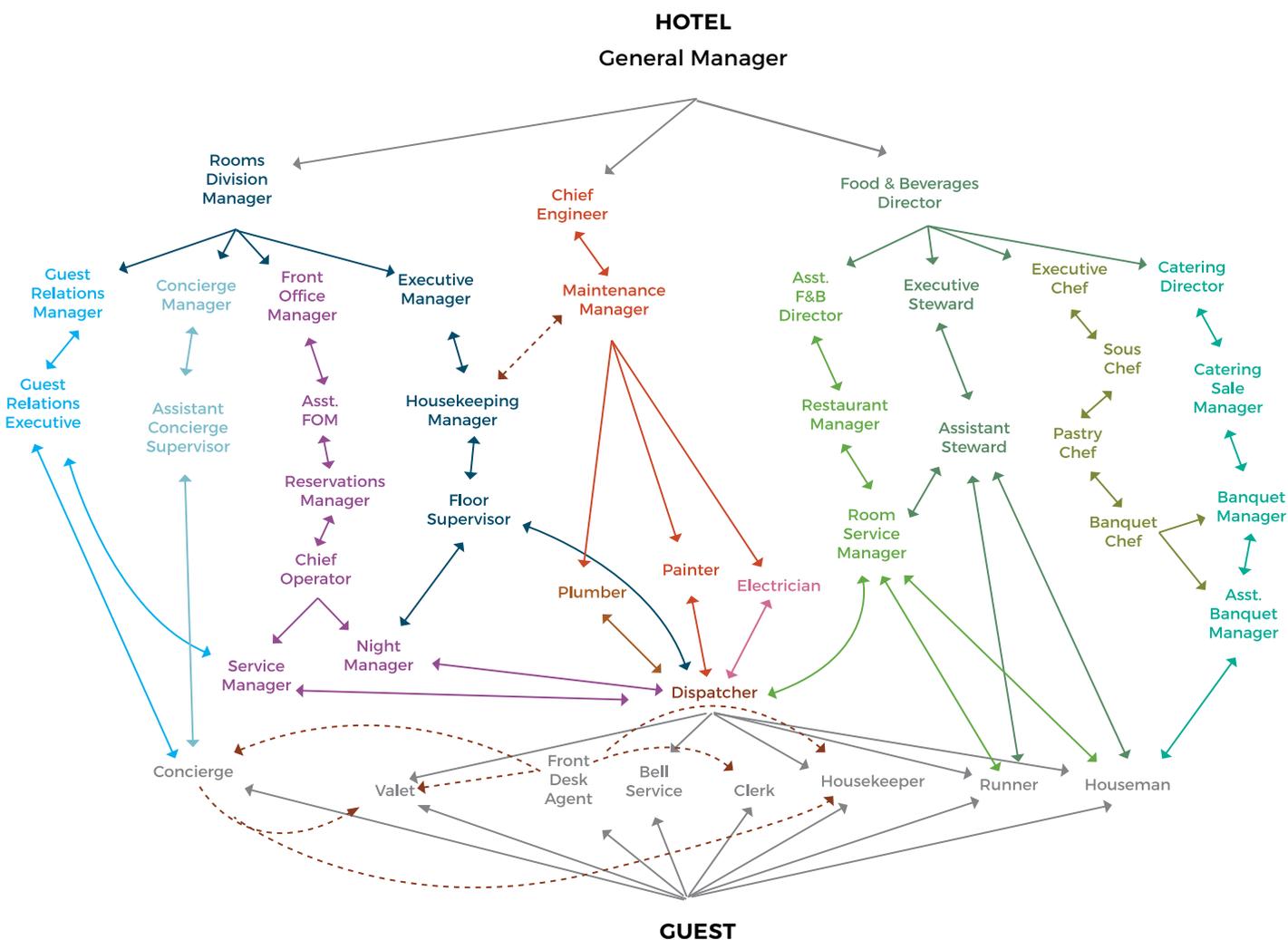
Many of the guest facing innovations ignore the underlying opportunity, which is streamlining interaction between guests and multiple hotel departments. "Various options for guest engagement serve as the tip of the iceberg, rather than the deep networking that is required to deliver services at a platform level," said Dmitry Koltunov, CTO of ALICE. "The real innovation is creating a seamless way to navigate the operational complexity of hospitality organizations." Platforms offer the key to effective and efficient operations leveraging modern technology.

WHAT IS THE TOP GUEST ISSUE REVEALED THROUGH ONLINE REVIEWS?



Source: Revenue Strategy Summit (RSS)

▲ A recent examination by the Revenue Strategy Summit (RSS) of online guest reviews found that the most frequent complaints were around hotel service.



▲ An incredibly complex array of services and jobs fall under the banner of hotel "operations," underlying how difficult it can be for hotels to achieve a unified system to manage it all.

Outside Pressure Pushes Hotels To Evolve

Why is it so critical for hotels to evolve towards this new platform approach? The truth is that the simultaneous rise of Airbnb and growing consumer expectations of service are forcing hotel owners' hands. No longer is a holistic platform approach a "nice to have" feature, instead, it is increasingly table stakes for hospitality businesses to stay competitive. As Charles Darwin put it, "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change."

The Sharing Economy's Impact On Hotels

The sharing economy is placing a new kind of pressure on the hotel industry. Choudary's "Platform Revolution," highlights the rapid rise of Airbnb, noting that despite being "once ridiculed by the hotel industry, Airbnb has rapidly scaled to become a global provider of accommodation, with more rooms booked every night than the largest global hotel chains." The narrative is by now a familiar one: a service that boasts more than 60,000,000 guests and a \$25.5 billion valuation by investors. But a more important question for hotels is why? Why has this seemingly simple accommodations-sharing concept grown so quickly? The answer has a lot to do with Airbnb's platform approach.

While some hotels look at technology as just another asset (investing as they would with beds, radios or Wi-Fi), Airbnb has embedded technology deeply inside the company DNA. "This is an end-to-end platform. From reservation, to room allocation, to customer service, to customer rating, the provider rating," said Shukla. "Most of the platforms in hospitality do not take care of this." In many

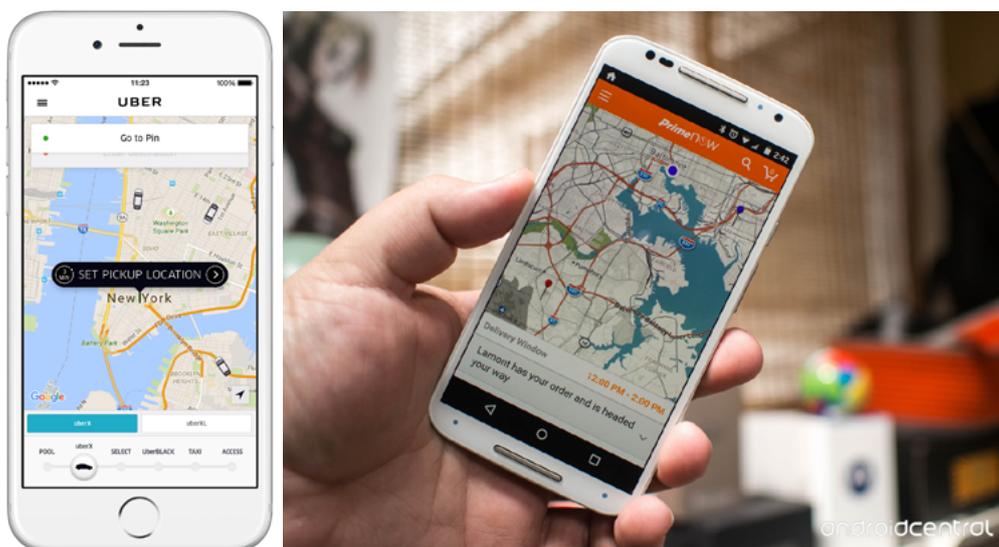
ways, Airbnb is neither a tech company nor a hotel company, "by leveraging technology for hospitality they have created a new business model all together."

This sharing economy behemoth succeeds not just by offering up unused apartments to travelers, but by redefining the interaction pattern between guest and host. The technical solution for guests is aspirational to many hotels. Through the same app that a guest uses to find and book a room, they receive a deeply personalized communication channel with their host. Rather than an anonymous front desk agent, the Airbnb host and the guest both have a personal profile, and engage in familiar communication pre-, during-, and post-stay. In addition, Airbnb is increasingly focused on providing local city experts and local experiences, creating a guest experience that begins to resemble a stay at a personalized boutique hotel.

Consumer Pressure To Evolve Guest Experience

The general accessibility of mobile technology is changing how we communicate, shifting away from phone calls to mobile apps and messaging platforms. On top of this, the expectations set by consumer platforms are consistently raising the service bar for companies in all sectors. "If you think about the consumer facing technologies you love today, companies like Uber, Amazon and Opentable, they are the one's driving guest expectations," said ALICE's Alex Shashoua. "When you have exposure to superlative technology at home, how can you accept less from your hotel?"

One main expectation that is getting consistently reinforced is transparent fulfillment. There is an expectation that



- ▲ Platform companies like Uber and Amazon are fundamentally reshaping consumer expectations around services like speed, reliability and transparent fulfillment, putting pressure on all businesses to deliver the same level of experience.

modern businesses will have clear end-to-end integrations. On Uber you can watch your driver approach you, on Amazon you can see the package make its way from the warehouse to your doorstep. The same type of transparency is now being expected when guests request theater tickets, order room service, or call for their car. This kind of integrated transparency is difficult for hotels to match. How can a guest know whether they have time to shower if they don't know how long they are waiting for room service?

As the gap in guest expectations widens from the current hotel offering, it has never been easier for guests to speak up. As comedian Louis C.K put it "how quickly is it that the world owes us something we didn't know existed only five seconds ago?". Today, this potential disappointment is a strategic risk

for hotel owners. A guest can complain about their experience in real-time across multiple digital platforms such as TripAdvisor, Google, Yelp, and the OTAs. These hotel reviews focus on the guest's experience in-stay, which is precisely where hotels are lagging in technology. The impact of reviews can also have a significant impact on revenue. One recent study by Cornell University found that if a hotel increased its review score by 1 point on a 5-point scale, it could increase its prices by 11.2 percent without sacrificing occupancy or market share.

The Barriers To Embracing Platforms

Time	Room	Caller	Request	Assigned to Whom	Completed Y/N	Time
9:05	510/410	FD	Exit	Kelly		
9:30	402	GST	Room Svc	Kelly		
10:00	510	GST	Laundry delivery	Butch		
10:45	405	KELLY	Ironing	Luis		
10:59	656	ROX	Clean elevators	Luis		
11:14	Jamaica	Jamaica	Laundry	Luis		
11:23	514	GST	TOOTH PASTE	JAMAL		
11:30	FD	TIM	Supplies - 4 LOTIONS - TO DESK	CHANCE		
11:42	407	GST	Room Svc	Butch		
11:57	316	Phil	Bathroom Mirror Light Out	Kelly		
12:25	300	PHIL	Shower	DAVE		
12:34	303	JAMAL	4 GARMENT BAGS	DAVE		
12:35	403	JAY-R	3 way bulb	NIVALDO		
1:30	408	Kelly	HEAVY PERFUME - 10:00	DAVE		
1:30	309	Jay-R	MENU TOOK FROM 308	Luis		
1:51	208	Phil	CRIB Removal	JAY-R		
1:52	303	PHIL	WARM ROOM	Butch		
2:00	308	PHIL	MIRROR LIGHT OUT	JAY		
2:14	400	GST	Laundry	D.K.		
2:23	411	TIM	WALL LIGHTS			
2:46	315	PHIL	REMOVE ROLLAWAY			
3:51	416	GST	Room Svc			
4:09	609		Laundry Mend			

A snapshot of a paper record used by one New York City hotel chain illustrates just how difficult (and messy) it can be for hotels to coordinate efforts using analog tools.

Whether due to issues with technology implementation, or the external pressures of consumer expectations and platform-focused competitors like Airbnb, hotels are being asked to adapt like never before. However, as many hotel owners will admit, embracing this new platform model is not as simple as flipping on a light switch. What are the areas where hotels have the biggest opportunity evolve their service model toward the platform approach? And what are the biggest obstacles that prevent them from doing so?

What Is Required For Hotels To Harness A Platform

Embracing the platform strategy requires businesses to think about their operations more holistically. What guidelines can they use

to accomplish that? One potential model is the strategy proposed in Sangeet Paul Choudary's article "Three Elements Of A Successful Platform" in the Harvard Business Review, which outlines three core elements exhibited by all successful platform businesses: flow, connection, and gravity.

Framing this approach in hotel-specific terms, achieving "flow" requires bridging the gap between guest-to-staff, and staff-to-staff communication (aka "unified"). Achieving "gravity" is about identifying the best channels and approaches to engage guests while seamlessly integrating them into the platform's flow (aka "sticky"). Achieving "connection" requires networking a hotel with the brand, and opening up the hotel to integrate outside service providers

while maintaining a unified front (aka "open"). By translating these rules to the context of a hotel business, executives can embrace platform strategy by framing their services around three key traits:

1. **Unified:** how well guests and staff can interact in real-time across any device
2. **Open:** how easily other channels and vendors can plug into the platform
3. **Sticky:** how well a platform creates value, attracts guests, and makes things personalized

Creating a system that is unified, open and sticky can unlock the platform living within a hotel, creating significant cost savings, improved efficiency and increased revenue opportunities in the process. In order to apply these principles, we need to understand what stands in their way. Below are three challenges, including unifying guest engagement, limiting analog communication, and simplifying back-end systems.

Unifying Guest Engagement

One of the biggest challenges facing hotel operations is there are too many ways a guest can interact with a hotel via web, SMS, email, social media or apps. These channels are often not well-integrated and it can make monitoring and responding to the right channel at the right time tricky.

This is a problem of stickiness. In order to engage guests, hotels need to catch their attention in the appropriate channel at the appropriate time. The engagement might occur during booking, pre-arrival via email or SMS, or during their stay

via mobile app or SMS. Each of these channels are independent solutions that do not provide a holistic infrastructure to integrate into staff operations. With the rise of social messaging, this omni-channel problem is only getting worse.

"Guests look at their hotel as a single unit. They expect to be able to request services from any department through their channel of choice and for those requests to be shared across the property, which is not currently possible." Said Alex Shashou, President of ALICE. From this perspective, the issue of stickiness is actually caused by the lack of a unified system. "Ultimately decision makers are thinking about elements that drive shareholder value, and that is guest stickiness and guest satisfaction. You need an end-to-end platform to be able to do that." observes Shukla.

Guests will choose to engage differently based on their needs and stage of their stay. Each engagement point provides an opportunity to gain or lose stickiness. "Hotels see ROI from delivering authentic experiences." Shukla adds. "Experience and authenticity comes from a consistent end-to-end service. If I have a good check-in process and room service messes up, that is no good, and I will write about the bad experience that I had. If I have a hotel with a great ambiance, but they screw up on my airport pickup, I am going to write about it. It comes down to the weakest link phenomenon."

Limiting Analog Communication

Another barrier to building a hotel-specific platform is that analog communication is still very prevalent. Many hotel employees rely on

radios, pagers and even pen and paper as the norm for internal communications. According to a 2015 survey from Software Advice, 25% of U.S. hoteliers still use pen and paper to manage their entire properties, and another 16% of respondents said they had no system at all (aka 100% analog).

"Analog communication prevents a hotel from achieving a unified operation since it is disconnected from software solutions," says Shashoua. Interactions have no traceability, and provide no audit trail. Guest requests are not captured in a searchable place, meaning that the hotel can't learn about guest habits over time, even though the staff is fulfilling them. Steven Goldman, EVP at the Amsterdam Hospitality Group, said that there's an opportunity cost to running a hotel with analog tools. "If you're not tracking, you have no idea what your issues are and then you can't fix them," he said. "Generally speaking, hotels are still operating in the old environment, with [workers] walking around with two-way radios," said Bill Watson, co-founder at The Prism Partnership. "Much of that is going to change ... as they consider new technologies coming along" noting that the industry tends to update its gear in five- to seven-year cycles.

With heightened expectations of personalization, accessibility and transparency, radios are insufficient tools. In some contexts it is critical to know the VIP status of a guest, or their history of previous requests. Radio communications have no context and limit the quality and breadth of the interaction. Radios are also strictly staff to staff,

and serve as a "closed circuit, [meaning] while they talk internally they don't talk to anyone else. The internet talks to everybody," said Shukla.

"Hotels have processed this way for decades," said John Kim, chief e-commerce officer for HomeAway. "So I could see the resistance to an idea of how you run your workflow." Kim ran a hotel when he was in college and used a clipboard to monitor operations. "It's super-easy," he said. "You create a list and if you want to know if anything's outstanding, you look at the clipboard and see who's on it."

While Kim emphasizes that might be an adequate approach for a small hotel, for bigger ones, it's unworkable. A radio does not provide an easy way to track fulfillment, note gaps, or simply give the guest space to complain. "One of the reasons that's so inefficient is there are often times when the guest won't tell you [that a service went wrong.] The first time you find out there's an issue is when you see a review." The best way to solve this problem is by bringing the guest and staff together onto a shared platform to enable seamless communication.

Simplifying Hotels' Back End Systems

Many hotels operate using a disconnected range of systems across their various departments. Since integrating these systems is costly, many exist as standalone solutions. This creates a lot of redundancy as staff navigate between various "islands" of information that collectively make up the guest journey. "It's scattered. I wish I had a dashboard, a single place where you can get all of

the information that you need, at any time, with real-time updates," said Osama Aduib, general manager at Hotel Americano.

Having staff on different systems also presents a problem of standardizing operations. It becomes virtually impossible to provide a consistent experience across every department, let alone every hotel in a group. As requests get fulfilled by the relevant staff members, there is no central place to track progress. A hotel is required to staff central dispatchers to guarantee that a guest request will be responded to within a certain window across departments.

The property management system (PMS) is the one common system that integrates with many service systems, but it is not built for unifying operational requests. For this reason, department specific systems must be connected directly to

one when sharing is important to operations. However there is no central clearinghouse for all hotel requests, hence management is limited in its ability to view, analyze and improve the operation as a whole.

This is a barrier to ensuring that brands can deliver on their brand promise, which includes certain service quality expectations. According to Deloitte, executing on the brand promise requires the hotel to measure and monitor execution. Without a central place to capture the requests handled by hotel staff, management is unable measure and monitor execution. This prevents brands from accessing the health of their brand promise at any individual property. With these limitations, it is impossible for a hotel to effectively foster the exchange and co-creation of value by staff to guests, which is critical for a unified platform.

How To Achieve Hotel As A Platform



In order to leverage the power of a platform, hotels need to put in place a **unified** system across guests and staff in every department, allowing for **open** integration of external tools, channels, and vendors. They must also seek to become **sticky** by engaging guests with deep context through their channel of choice. While every hotel property has unique operational needs, there are some general guidelines that can help hotel managers apply the platform strategy to streamline their operation and drive tangible results.

Become Unified

The first challenge of a hotel is to put a system in place that unifies the operations across each department. "We are looking for software that

will do it all," says Steven Goldman, EVP of Amsterdam Hospitality Group, now an ALICE partner. "Instead of one department using it and only serving that particular type of guest [request], we wanted a product that will allow all of our departments to interact with each other in a singular platform."

The system needs to be centrally accessible, redundant, and deployed in the cloud. This system will serve as the foundation that the rest of the platform can be built on. It needs to be flexible enough to manage the workflow of any department while providing an aggregate view of the hotel as a whole. "A General Manager should be able to understand the actions of their entire staff in one simple view," said Justin Effron, CEO

of ALICE. " It is fine to start implementation with a single department, but the system must be capable of eventually connecting all departments."

Once this system sits in the middle of a hotel, every department must have direct access to the system in whatever way is most convenient for the role. If a staff member is at a desk, a website must be available to access the cloud. This may mean adding computers into places where there were only telephones and radios. Staff must be re-trained to put all guest and internal requests into the system to ensure transparency, accountability, and history. The specific user experience needs to be molded to the needs of each staff member. Some staff need to see a quick task list while others need to plan for days and weeks out. The right user experience does not sacrifice any need.

If a staff member is on-the-go, a mobile interface must be made available with a real-time connection into the unified system, providing an alert any time a staff member needs to act on a request. The mobile system should track the location of the employee as well as their availability to accept new work. This allows computer-based dispatch of work where applicable. Mobile devices for the staff requires that the hotel establish appropriate WiFi across the property to support this interaction.

Once every department in a hotel is on the same system in real-time, the general manager is able to set a property standard for operations. The custom workflows that are created for each department need to be looked at from the property level. How long should guest requests be outstanding for? How many minutes should it take to respond to a message from a guest app?

General Managers can create standards on how long any guest request should take to address. Holistic monitoring and alerting across the property ensures a consistent level of service.

If the staff speaks a different language, the system must be able to translate its contents to remove barriers to communication. The most important part is to get every staff member that is involved in servicing a guest online together with full context about the guest. This also includes staff members who may not interact with the guest directly, like housekeepers. Ultimately the system allows staff and guests to interact in a fluid way. Information is fully shared between all participants. It is easy to fulfill request, preempt problems, and build a consistent experience.

Become Open

Once the base infrastructure is in place, the unified system needs to become the hub for multiple solutions by providing an open application programming interface (API). An open API is the technology equivalent of a bridge, allowing the selective connection of outside systems in the existing infrastructure. This allows the entire hotel operation to be accessed and augmented. Great platforms use an open API to augment their core offering, and allow their clients to be limitless in their tools. This approach allows the ultimate collection of data and also offers boundless opportunities for customization. As part of the API, there needs to be an integration layer where the platform is able to connect to critical systems for the hotel.

The most obvious integrations should come from core systems like the PMS. Since the hotel platform is focused on various departments

serving guests, the PMS contains much context about those guests and their stay. As the platform executes services, the profile of the relevant guests in the PMS should be updated with information that allows the front desk and reservations team to continually provide better accommodations.

Information about guest services rendered should also be sent to the CRM used by the hotel. By capturing the activity of guests on property in a central place, marketing teams can better target their campaigns. Likewise, loyalty programs can be enhanced to provide a better experience based on observed guest habits in-stay. Repeat guests can in turn receive a familiar treatment creating greater brand loyalty.

For departments such as F&B, the platform should be directly integrated with the point-of-sale system allowing guests to order directly. Since every request comes through the same endpoint, an order's lifecycle can be tracked alongside maintenance, housekeeping, and valet requests. This information is particularly interesting since it usually involves monetary transactions which can help optimize hotel revenues.

When it comes to specialized tools for departments, it is ideal to integrate them into the common flow of the system to continually provide a unified view. Specialised systems for Valet, Spa, Maintenance, Housekeeping, and any other department can all be networked together through the core platform allowing for a connected and seamless operational view.

"The API also allows hotel Chains to access an individual property from the brand level technology. This can empower brand apps to have a two way integration to the full service suite of their hotel," said Dmitry Koltunov, CTO of ALICE. Rather than having hotel specific apps, brand apps can gain more traction because they can be much more useful with on property service access.

Having an open API also opens up the possibility for a hotel to integrate closer with their surrounding area. It can be possible to connect directly with a local service provider such as their food delivery, tours, transportation, concierge and more but keep it all within one controlled infrastructure. As guests seek out more authentic experiences, the API approach allows expanding the hotel offering while maintaining operational oversight. An open model to services also allows limited service hotels to enhance their core offering with local and web vendors.

Providing an open API absolves the hotel from doing integration work itself. Third parties that need to leverage the API get a clear roadmap of capabilities while the hotel maintains full control of what each consumer of the API can do. This offers the flexibility to grow without necessitating capital expenditure.

As highlighted by Nathan Toups, CTO of Key Concierge "our company reached a junction point on "build vs buy" on a concierge service tracking system. Our Senior Product Manager discovered Alice and after speaking to their CEO and CTO we knew the product and the API would

be a perfect fit. Since launching, the API has been a crucial part of the successful integration into our system. It gives us the ability to link records between our customer insight and billing systems into Alice's concierge ticketing system so that we never miss a beat, saving us all the time and effort it would have taken to build ourselves."

Adding an open API to a hotel that runs on a platform offers many interesting opportunities. According to [The Strategic Value of APIs](#), platforms can gain significant revenues "from their APIs ... Salesforce generates 50 percent of its revenues through APIs, while for travel platform Expedia, the figure is 90 percent."

Become Sticky

Stickiness is about solving real problems for guests. Currently strategies for guest technology offer very shallow solutions, but with a unified platform and an open API, every department in a hotel becomes activated. Similar to watching a car approach on the Uber app, hotels that have an open API can build services into their guest engagement channels. This could mean requesting a towel from the brand app, requesting valet to pick up bags via SMS, or building a chatbot to order food directly to the POS. By providing real-time tangible value through the Guest's channel of choice, the digital engagement that a hotel has with its guest can be much more fulfilling, and hence more sticky.

The specific offering to guests depends on the brand, but an open API allows the interaction to come from any channel. By meeting guests on their platform of choice, hotels can allow for a more seamless experience that can create

better stickiness. Brands that provide immersive experiences on their website can integrate in-stay action items, or improve service offerings in their mobile app since an API will allow sending requests from above the property all the way down the an individual staff member at a hotel. This can make the websites and apps much more useful, and hence more sticky.

As guests interact on the platform, every action builds a deeper guest profile and allows the property to anticipate the next guest request. By leveraging data recorded into a central systems, the hotel can truly capitalize on loyalty and can provide a consistent personalized experience. Platforms offer an incredible competitive advantage to a hotel "because you have much better control of the end-to-end guest experience. You know their preferences and you know what they are doing. In an industry that is fragmented like the hotel industry this is a huge thing" notes Shukla. Combining efficiency and empowerment will encourage guests to be much more sticky with the platform, the property, and ultimately the brand.

The Future of the Hotel Platform



By adopting platforms into their operation, hotels can unlock a whole new set of opportunities. They can leverage their entire workforce to be guest-service oriented and know the guest at a depth like never before. Brands can provide a consistent and personalized service across a global portfolio, all while maintaining the personal touch of one-on-one interaction. The ultimate guest experience can be heightened by all the services made digitally available, and at the same time provide a hotel with new revenue opportunities.

Through creating an open integration, hotels can start to leverage external vendors much

deeper in their business offerings. Limited stay hotels can offer room service and concierge experiences without needing to hire extra staff. Luxury hotels can integrate directly with special tour providers, or extravagant spas without needing to have everything in house. A property can leverage the surrounding area to give guests a truly authentic experience by first curating, and then networking the vendors that can enhance the brand promise. Most importantly, all of this can be done while maintaining strict service standards through a central system.

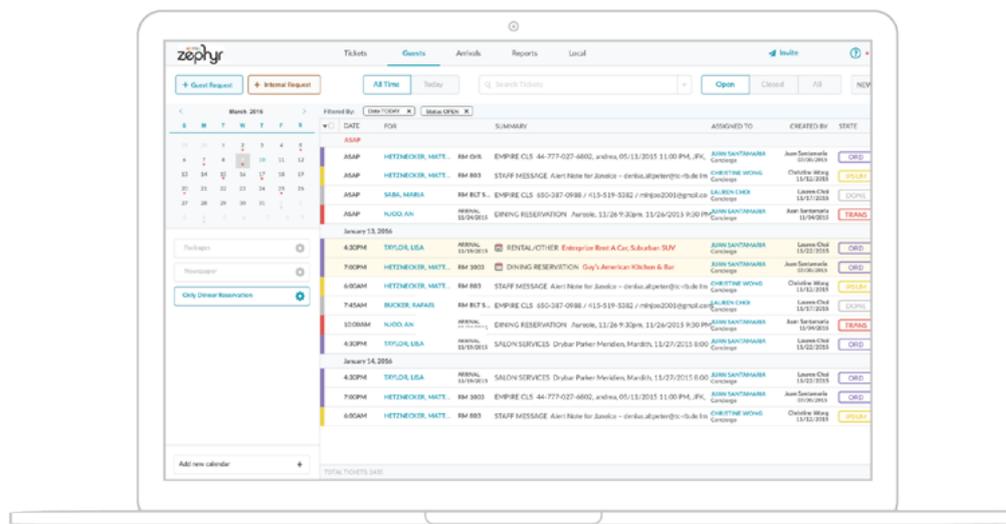
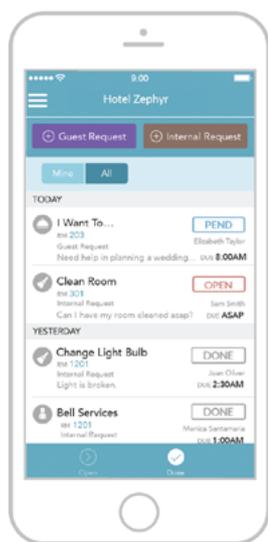
The hotel also stands to benefit significantly from improved operations. As was made evident

by the Hawthorne Effect, an experiment that highlighted that performance improves simply by being measured, hotels can start to measure every part of their operation. A general manager can analyze their entire hotel in a single place, and understand more effectively how to improve their TripAdvisor score, or how to appropriately staff during high season.

Nina del Piccolo, assistant front office manager at Hotel Zephyr in San Francisco, started using ALICE across all departments last September when she joined the hotel. "I like that I can communicate with my departments quickly and there's a record of it," she said. Del Piccolo said she likes the fact that such software can provide visibility into hotel workers' performance. "All the reports we get are very useful, especially for the housekeeping department," she said. "It's a 24-hour business. The managers aren't here 24 hours a day, so it's helpful to see what happens during business hours." Since starting to operate as a platform through ALICE, Zephyr's trip advisor ranking has gone from #130 to #48.

By unifying the operation, hotels can also start to experiment with completely new models of operation. Hotels that are next to each other can share staff and the front desk can act like a concierge, or perhaps removing the front desk all together. By putting all departments into a single place, hotels can experiment with a multi-skilled workforce, which allows for a new way to manage costs. Hotels can challenge norm as Danny Meyer encouraged in his book about in his book "Setting The Table," and constantly ask "who ever wrote the rule that you need to ..."

By making a platform the foundation of a hotel's operation, technology becomes infused into its DNA and hospitality is heightened rather than disrupted. By opening that platform to the world through an API, the hotel has an opportunity to constantly evolve. As new technologies come on line they can be seamlessly integrated into the operations. As new engagement channels gain popularity they can be connected easily into the platform. The hotel can remain on pace with any evolution, and, in many ways, become future-proof.



A An example of how Hotel Zephyr in San Francisco is using ALICE

Executive Letter

Four years ago we started working on a simple mission, to improve the way that hospitality companies, specifically hotels, deliver service. Every guest at some point has experienced a frustration with their hotel, an unmet expectation that took away from the hospitality experience.

Inspired by the exceptional service improvements of companies like Uber, Amazon and Opentable, we set out to understand how we could apply their insights to improving the guest experience in a hotel. At first we believed that the solution was guest facing technology, specifically apps. What we found though was that in each case the app was simply an access point into a new infrastructure for delivering service.

We wanted to build a solution driven by the needs of hotels, so we started asking questions of hotels that would entertain us. We saw a consistent pattern: guest frustrations rarely originated from the inability to communicate a request. The true inefficiencies stemmed from the operational complexity of fulfilling the request. The difference between the Ubers of this world and hotels was not the guest access point, but their ability to leverage technology on the back end- the staff side.

Hotels were running outdated legacy systems, isolated from one another and connected through pen and paper and radios which left a lot of opportunity for error. It also left little ability for the hotel to even understand where it was missing expectations and in today's social economy where consumers have a voice, that is a risk.

Through these learnings, we broadened our focus to see staff and guest technology as equally important and zero'd in on connecting the staff operations through an end-to-end platform. In solving the staff side of the experience, hotels could then deliver a better guest experience, thus fulfilling our mission.

It has been an exciting journey. Growing our team from 3 founders to 50 brilliant and dedicated team members, building a client base that we love to work with, growing with them, learning from them and ultimately helping them be successful has been the most rewarding experience. Our hotels have improved morale, reduced their spend and even increased their Tripadvisor scores in a short space of time. At the end of the day, all this came from brilliant hotel managers with a motivated hotel team and we are proud to be a part of their story.

- **Justin, Alex & Dmitry**



About Skift

Skift is a business information company focused on travel intelligence and offers news, data, and services to professionals in travel and professional travelers, to help them make smart decisions about travel.

Founded in 2012 by media entrepreneur Rafat Ali, Skift is based in New York City and backed by Lerer Ventures, Advancit Capital and other marquee media-tech investors.

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