

2024

The Fast-Forward Tech Stack for 2024

The Hotel Yearbook Technology 2024

HYB

HY8



A new shift in scale: The game- changing power of composable hospitality

Tech Stack

Martin Reichenbach
CEO & co-founder, Apaleo

Synopsis

The hospitality industry is on the brink of a massive digital disruption that could see half of the top 10 hotel companies being less than a decade old by 2030. Legacy hotel operators, often hampered by outdated software and operational inefficiencies, are being threatened by the advent of MACH (Microservices-based, API-first, Cloud-native, and Headless) architecture, which offers flexibility, cost-effectiveness, and futureproof technology. This new system allows operators to continuously evolve their services and stay competitive, regardless of their size. As a result, the hospitality industry could see an influx of smaller operators and new challengers, leading to market fragmentation and a shift towards personalization and automation, with companies like Limehome and Placemakr already leading the way. Ultimately, this digital revolution may transform every hospitality company into a tech company, delivering an unprecedented shake-up in the industry.

Digital disruption and transformation have had a huge impact on businesses over the past two decades. According to research by [Innosight](#), most companies in the Fortune 500 (52%) have either gone bankrupt, been acquired or dissolved completely as a result of digital disruption since 2000.

But could this really happen in the hospitality space? I firmly believe it will and I think it's going to happen by the end of the decade.

Digital disruption always means getting more done quicker. But it can also mean lowering barriers to entry. I predict that, by 2030, half the top 10 hotel companies in the world will be less than 10 years old. That would be quite something in an industry where the household names are older than their average guest.

It may sound unlikely but we've seen this kind of disruption before. Remember how explosive the growth was for the iPhone, Dyson and social media? These battles were won and lost just as quickly. And for the hospitality industry, the historic advantage that's losing its stranglehold is 'scale'.

Legacy hotel operators sitting at the top table have long leveraged larger sites boasting hundreds of bedrooms. This was the ace they always held — they had a consistent offering, available all over the world at hotels trying to overcome high labour costs and of course the limiting nature of their property management software.

This software did the basics well enough but, when it came to rolling out new services or properties, it took weeks, if not months. It was cumbersome, expensive and it took time to train new staff, on whom these operators were (and still are) heavily reliant. Even if a hotelier thought it worth the investment, this software was very quickly out-of-date.

This is what is changing now with MACH architecture. It stands for Microservices-based, API-first, Cloud-native, and Headless. That's a bit of a mouthful but, essentially, it means you can plug in the best third-party tools available whenever you want from any vendor, or add your own. It's a way for operators to avoid being trapped with the same services and software partners forever. Some people call this 'composable hospitality'

— you get to shape what it looks like and what it can do, and it's much more powerful at scale than all-in-one systems. Traditional brands could easily switch over but frequently prioritise change management over service and cost, evidenced by the way some have instead been creating new subsidiary hospitality brands powered by more modern technology.

If you haven't already heard much about MACH architecture, it's only a matter of time. When adopted, it's going to give hospitality operators the freedom to constantly evolve. It renders the hotel stack futureproof and, crucially, it's a cost-effective way of creating an entirely new hotel, brand or guest experience that isn't dependent on a single technology company. In this way, it doesn't penalise smaller operators or new challengers. Once adopted, there will never be a good reason to go back to the static solutions of old. Consequently, procurement risk declines and the speed at which companies can arrive at a minimum viable product (MVP) is shortened.

The industry has been waiting for this for a long time. With these barriers removed, the field of play is wide open. We live in a world in which vast amounts of commercial space is being converted for residential use as people spend less time in the office, the short-term rental industry is facing pressure and regulation from policymakers all over the world and cost-conscious consumers are routinely looking for alternative accommodation. Authentic stays in the right location often now trump the gym and the pool (there are plenty of those around anyway).

This creates huge opportunities. It's never been easier to create a new hospitality brand and you don't need as much investment as you used to. Where once hotels might only have been viable at 100 bedrooms or more because of the need for staff and the high cost of property management technology, operators using mix-and-match tools that permit a high level of automation don't need that kind of headroom.

I expect this is going to lead to the fragmentation of the market in the short term, even if institutional interest brings consolidation behind the scenes in the long run. There will be a greater choice for consumers looking for the consistent quality of hotels as well as the alternative tech-led experience of the best short term rentals.

It will also mean operators can more easily jump on the next great trend — personalisation. AI is driving this at the moment, but operators are going to need flexibility right across the tech stack to create something truly bespoke and immersive. I think the look of the C-suite will change too, with it becoming the norm for hotel operators to have a Chief Technology Officer, whose job it will be to curate the latest iteration of their technology. They will build their own solutions to specific problems and incorporate tools that set themselves apart. That wasn't possible before but [this is exactly what numa](#) has done, bringing back office automation up to 90% with a fully digitised guest journey.

The MACH revolution is already underway with staffless hotels popping up all over the place — a sure sign that a powerful technology stack is at work behind the scenes.

Even this is exposing one of the hospitality industry's great fallacies. Many operators are already proving the point that most guests don't care as much about face-to-face customer service as traditional operators would have you believe. As long as it's quick and seamless, most guests on most trips seem happy self-serving on their mobile phones. Where there had been a generational divide on this front in the past, it is increasingly hard to find. [Limehome](#) and [Placemakr](#) are great examples of companies embracing a very high level of automation and proprietary technology, scaling fast as a result.

It's companies like these that are the ones to watch. Originally, scale provided an advantage which built a moat around large, traditional hotel brands. That's why, a decade ago, no one had even heard of these challengers. These days it's a different story, with technology having washed away the old world order where scale mattered most.

Anything is possible with a MACH future, and it's about to deliver the biggest shake-up for automation the industry has ever seen, led by a new band of CTOs determined to make every hospitality company a tech company.



Martin Reichenbach — CEO & co-founder, Apaleo

Martin is the CEO and co-founder of Apaleo, the innovative Munich-based open property management platform. With years of experience consulting leading software companies including SAP, TeamViewer, and PayPal, Martin has an extensive background in the tech industry. Prior to his work at Apaleo, he co-founded the online marketplace becoacht and an incubator program called The Venture. Today, Martin is focused on disrupting the nature of hospitality software with Apaleo's progressive API-first solution.

Apaleo GmbH — apaleo.com

Apaleo is the open property management platform for hotel and serviced apartment groups, empowering accommodation providers to create the ultimate digital experience for guests and staff. The API-first property management platform powers brands across more than 15 countries, disrupting the nature of hospitality software with the transition from single-vendor suites to best-of-breed technology. Customers include Numa, Limehome, Mollie's, Vagabond Club, Raus and more. For more information, visit apaleo.com.