

HY824

Technology Edition
Entering The
Everything-Data Decade



The Hotel Yearbook
Foresight and innovation in the global hotel industry



Investment

It's Never Been Better for Investment in the Hotel Technology Industry



Frank Wolfe
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Just as the hospitality industry evolves, so too must the format of its conventions, especially one as influential to the hospitality industry as HITEC. This year, the senior team at HFTP has expanded the tradeshow's depth and impact with the inaugural HITEC Technology Investment Conference, taking place immediately after the main event on Thursday, June 27 and Friday, June 29. While it's been in the making for a long time, we couldn't have hoped for a better year to debut this addition.

Why is 2024 particularly ripe for investment in this sector? Needless as it may be to the mention at this point, the pandemic accelerated brands' prioritization of technological adoption, and we are still technically within this event's bullwhip as hotels look to stabilize occupancy forecasts and labor costs while charting a course for the rest of the decade. This alone will mean a receptive audience for new ventures that can help brands take their businesses to the next level. Other concurrent changes have opened the doors to rapid scalability and consolidation, though.

Executive hotel teams and other senior leaders have long been aware of the power of technology

to support the guest experience and the financial engines, but four interrelated bottlenecks that have perennially challenged our IT professionals to deliver on these two central objectives include industry fragmentation, on-premises systems, costly integrations and siloed data. All of which are now much more easily overcome as newer systems and tools are introduced to the market.

Firstly, the shift towards open APIs, the use of CDPs or other connective microservices and even certain types of AI like RPA have together helped hotels conquer the problems of siloed data and expensive interoperability – both in money and in time. It seems like every leading vendor, as well as the smaller scaleups, now offer some version of a unified guest profile, bringing together multiple sources from across the entire customer journey to provide more granular analytics and recommended actions.

This centralization represents a treasure trove of possible ways to enhance service and profitability, especially with prospects of readily-available machine learning tools being able to chew on all those recorded guest interactions to

produce stronger, and eventually predictive, business models. From the perspective of investment, this emancipation from data siloes means that hotel properties can untether themselves from legacy providers in an affordable and reasonably pain-free manner, enabling a significantly faster shift to best-of-breed solutions than ever before.

Likewise, the industry is far past the early adoption phase of migrating to a cloud-native architecture. Sure, there will always be laggards along with notable concerns over data ownership and security, but the demise of on-prem or hosted server technology strategies ushers in a new outlook, or dare I say culture, surrounding vendor selection. Besides the potential for cost reductions, a cloud-centric approach means that it is far easier to swap systems with unencumbered data extraction, giving more power to hoteliers to build the tech stack that fits their specific goals. As before, this progression indicates a major changeup in the vendor landscape, presenting a strong case for investment.

The cloud is also eroding fragmentation by geography. True today as it was two decades ago, quality customer service is a critical operation for any vendor, with the historic need for on-prem systems preventing nonlocal players from feasibly satisfying their clients' needs. This imbued a territory-specific mindset in hotel buyers where, for instance, American companies would be hard-pressed to consider a European provider lest they already have an established domestic subsidiary – and vice versa.

Nowadays, however, the combination of cloud systems and remote or offshore workforces makes it drastically easier to roll out 24-hour support and overcome this legacy issue. And the hotelier mindset is shifting in stride, with brands willing to consider vendors based out of another continent. In the past few months, we've already seen several prominent acquisitions and fundraising rounds to further fuel the global growth of rising stars, and this trend will continue as the industry becomes geography-agnostic.

While AI has been mentioned twice thus far in the vein of democratizing data connections and honing business models, the third major way that it will impact software development is in the programming itself. Whether it's by clever prompting on ChatGPT or using another copiloting tool, developers are now able to code, test and implement new product features faster and cheaper. We are only at the start of the AI revolution, but this trend alone has revealed its transformative power as upstarts can now quickly scale features and compete with the big table names. Of course, such AI-driven alacrity in software development will also inevitably aid in the deployment of next-gen products for hotels in the

areas of web3, sustainable energy management or virtual reality – yet more goodies on the horizon!

Finally, it deserves mention that hotel technologies now have addressable markets beyond only the traditional boundaries of the hospitality industry. Other areas of residential and commercial real estate are recognizing the merits of incorporating hotel-esque services, but the only way the economics will work in this hybrid model is through automation and tech-born productivity gains.

As an example, look no further than offices still struggling in the wake of the remote work and virtual organization trends, where the promise of hospitality service offerings acts as a compelling way to induce new leases. Similarly, for product differentiation and to value-add any recurring fees, condominiums and eldercare accommodations are on the hunt for technologies that can efficiently facilitate extended stay-oriented services in a labor-light manner. Ultimately, addressing these cross-sector use cases presents a lucrative opportunity for vendors and their capital partners by sourcing revenues outside of only the mainstays like hotels, resorts, clubs and restaurants.

Altogether, we are about to embark on the next wave of both innovation and change within the hotel technology landscape. The time is ripe for serious investment as well as deeper collaboration. We're looking forward to seeing you all at this inaugural event and having HITEC continue to serve as a leading platform for innovation within the hospitality industry.

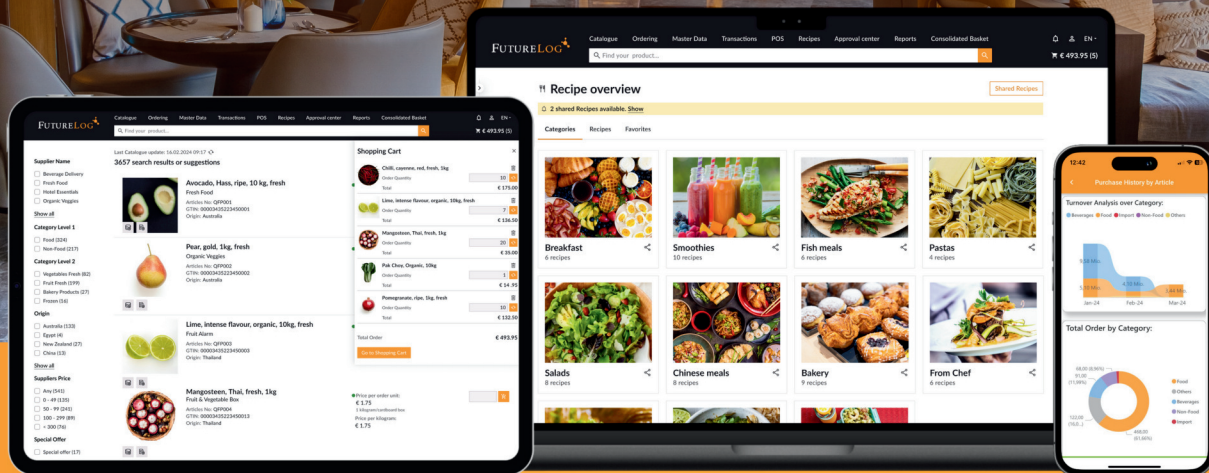


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