

2020 German Hotel Technology Landscape

Market Insights, Analysis & Expert Views

Presented by  **Hotelhero**

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In collaboration with  

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INTRODUCTION

Although the Corona pandemic is currently overshadowing almost all areas of everyday hotel life, it is particularly important to set the right course for the future. A major challenge for the hotel industry lies in the implementation of new technologies in existing infrastructure and their flexible interchangeability. More than ever before, hotels are required to adapt their business models, renew processes, make IT architectures more flexible and consistently expand digital communication channels. The need for action and support on the way to digitalisation is very different and individual for each hotel company.

We are therefore very pleased to publish the first Hotel Technology Report for Germany together with our IHA marketplace partner Hotelhero and in cooperation with HSMA Germany and techtalk.travel. The report gives executives from individual and chain hotels an insight into the German hotel technology market and for the first time determines the market shares of the individual suppliers in the respective product categories. In addition, it shows, on the basis of numerous interviews with experts, how the IT system landscapes in the German chain and independent hotel market are structured and how they differ.

The Report about the German hotel technology landscape and our IHA Marketplace, where association members can register free of charge to find the systems that best fit the hotel's particular system set-up, are two excellent tools for quickly and easily gaining an overview of the latest technologies and respective providers. We are very pleased that with Hotelhero at our side we can bring more transparency and comparability for hoteliers into the tech jungle.

Berlin, November 2020



Otto Lindner

Chairman

Hotelverband Deutschland (IHA)



THE IHA MARKTPLATZ

Hotelhero is the leading European hotel software review and recommendation platform. In partnership with the German hotel association (IHA) Hotelhero has launched the IHA Marktplatz in 2019, a special version of the Hotelhero platform with special benefits for IHA member hotels.

The Hotelhero platform is available for all hoteliers, both independent and chain, and is accessible in English, German and French.

It allows hotels to:

- conduct a simple and fast search for suitable technologies
- compare software based on authentic reviews and all relevant product information
- receive hotel specific software recommendations based on 40k+ hotel references and integration data
- learn all tips & tricks around hotel technology on Hotelhero's Learning Hub
- benefit from exclusive member promotions and discounts



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AUTHORS & CONTRIBUTORS



Florian Montag
Co-founder & CEO at Hotelhero



Thibault Gence
Co-founder & COO at Hotelhero



Lea Jordan is co-founder & Head of Marketing at techtalk.travel. Prior to that, Lea was Managing Director of the German Hotel Association, HSMA Deutschland e.V.. Lea strongly believes in the need of unbiased industry knowledge and is passionate about building the leading travel technology community. Lea worked in the hospitality industry across Europe and is a graduate of Business and Hospitality Management from Hotelschool The Hague in the Netherlands.

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HSMA (Hospitality Sales and Marketing Association) Deutschland e.V. is the association of sales and marketing professionals in the hotel and tourism industry. It forms the network and knowledge pool for its 6 knowledge fields Revenue Management, E-Commerce, CRM & Marketing, Sales & MICE, Distribution, Technology, as well as HR & Employer Branding of the hospitality industry. This network unites the competences of over 1400 members.



Representing the change needed by the fragmented hotel and travel technology landscape, **techtalk.travel** is a community of hospitality innovators ranging from hoteliers and hotel owners to industry students and technology providers. With the power of idea collaboration and shared knowledge with key stakeholders, game-changers and industry influencers techtalk.travel is a trusted go-to resource for neutral, ad-free hospitality technology content. The platform offers multimedia editorial-based content always with hotel technology at its core. Subscribers benefit from a wide range of educational content ranging from video interviews and podcasts with industry leaders, articles curated by industry experts, infographics, to live online think tanks and more.

1 THE CHAIN TECH STACK - WHAT DO THE EXPERTS SAY?

The hotel tech stack has evolved rapidly over the past 5 to 10 years and the modern hotel tech stack is put together by a variety of different best-of-breed tools which are interconnected. We've conducted 15+ interviews with hotel chain executives to get their first-hand insights on the tech they are using, their perception of what they believe is going well and what is still lagging behind, and their best practices on buying new tech.

HOTEL - THE TECH COMPANY

The consensus throughout the interviews has been that the hotel industry is still behind when it comes to leveraging tech. There are fundamental challenges which the industry has to overcome in order to embrace its full potential. The key challenges the industry faces in this process are mind-set, the available technology on the market, and budgets. These three challenges are interconnected and we will be highlighting the key opinions expressed during the interviews.

Let's start with mind-set and state the obvious, most hotel companies do not consider themselves as being tech companies. Many see themselves as "simply" being hotels - a people's business - and therefore tech is not considered as their key business driver. As Constantin Rehberg, digital expert and previous hotel chain executive argues "It is not because your guests physically sleep in your hotel beds that you are not a tech company. You are running a hybrid model." At the end of the day the core business of a hotel is selling their rooms and this happens largely online. Constantin Rehberg continues "the lack of building a strong tech infrastructure and digital strategy is linked with record numbers and a booming hotel market the industry has experienced over the past years." Gerd-Martin Linke, Director of Revenue & Sales at the Centro Hotels agrees "too many hotels have the motto "it has always worked like this, why should I change it?".

However, the market has changed over the years. Not only are most guests booking their stay online, but also, they expect a certain digital experience throughout the complete customer journey. This requires hotels to go through a digital transformation process. What does this mean? Hotels need to use and implement digital solutions to create new — or modify existing — business processes, culture, and customer experiences to meet changing business and market requirements. Christian Meissner, Senior Director Distribution Products & Digital Payments at Deutsche Hospitality and member of the board at HSMA Deutschland e.V. agrees that "there are more processes which could be digitalized during the hotel experience, as for example the check-in/-out process, but the industry is still scared to automate such people driven processes." This has changed in the budget and midscale market. Still, in the luxury and more classic hotel segments, hoteliers believe that this process should be conducted by a human. This may be true, but it does not mean that the process itself cannot be digitized, streamlined or enhanced by tech. A great example in the luxury segment would be a brand like Four Seasons giving the guests the choice to check-in via their app or in-person at the reception desk.

"I am surprised when I speak with hotel owners and there are still some telling me that they see the digital transformation in hotels as a "loss" in service. I would totally disagree as it means, meeting new customer expectations and actually improving your service offering." argues Constantin Rehberg. Tobias Köhler, Group Director Systems & Commerce at Ruby GmbH and Chairman of the HSMA's Technology Expert Circle, explains from the viewpoint of the HSMA's Technology Expert Group. "In my exchanges with colleagues from the industry, it is becoming increasingly clear to me that the hotel industry, small and medium-sized businesses in particular, must pay more attention to technology driving their operations.

With attention I mean to provide, both monetary funds for investing in and operating these systems, and also to increase employee capacities in order to have the necessary knowledge and time to select, set up, integrate and introduce the right systems. At best, this is done with trained specialist personnel. The first point about monetary funds can easily be argued with the added value and, at best, cost savings elsewhere. Closely related to this, however, is the second point, namely personnel capacities. After all, just because a promising system has been bought, the benefit can be close to zero if this system is not selected, set up, integrated, introduced and operated by someone who is familiar with it.”

To achieve this Constantin Rehberg believes that a generational change or, at least, a more digitally driven mind-set is needed to impact the overall hotel landscape and drive digital innovation. Tobias Köhler, also expects from tourism- and hotel schools to put a greater importance on hotel technology in their curriculum, “So far, there have been only isolated and altogether very few efforts to train students to master these topics and to be able and willing to think further. In my view, the tourism and hotel schools have a duty not only to deal with the topic of hotel technology, but to create their own courses and teach students over several semesters the necessary ways of thinking and provide them with the right tools.”

Gunnar von Hagen, Corporate Director of Operations & Central Project Management at Lindner Hotels, highlights that whatever you do it is important to have an overall digital strategy which is deeply rooted in your business strategy “It is important to build a right digital strategy and not just to implement tech for the sake of implementing tech. You need a north star vision which you want to achieve. If you do not have a clear strategy you will lose yourself with the gimmicks and more challenges than solutions.” Lindner Hotels for example worked together with Deutsche Telekom to build a long-term digital strategy, to make sure they only implement new tools which contribute positively to homogeneous digital guest journey. “I believe that one of the biggest challenges, in the abundance of

possibilities, is to migrate an existing tech landscape into a cloud environment and make sure that it makes sense. You should let go of all solutions which are too much oriented as a single/silo solution.” Unfortunately, still too many vendors think in silos. Von Hagen explains that many vendors only focus to solve one niche pain point and often excel in this, but he would actually prefer if the vendor could solve a variety of pain points to benefit the overall guest experience, “you don’t always need the xth solution for each problem, but you need an homogeneous and integrated overall experience.”

René Halla, Director Global Distribution & Systems at Maritim Hotels, shares the opinion that it is important to have a clear digital strategy and explains that leveraging tech does not only mean improving guest facing processes, but also streamlining time consuming internal processes especially along the b2b sales funnel. “At Maritim we are definitely further ahead with leveraging tech than many would expect. We don’t communicate it as much, as we have done a lot of internal process optimization which is not visible for the guest.” An example for this is streamlining the negotiation of corporate contracts. Negotiating corporate rates was a very time consuming and complex manual process between the account executive, the corporate client and the hotels themselves at Maritim. Sending thousands of emails per year, manually setting-up the contracts and sending them by mail. Today, this process is completely automated. The account executives can make the requests on behalf of their corporate clients via an integrated tool with all the conditions (e.g. last room availability, bnf included or not, room categories etc.) and their suggested price, as a “bid” to the hotel. The hotel can approve this or send a counteroffer. When all the conditions have been finalized the account executive is informed and the contract is automatically pre-set and sent to the customer. Reminders are being added in the account executives calendar for next year’s RFP process. This workflow does not only automate most manual back and forth, but it also allows to track the negotiations at all times and leaves a clear audit trail in Salesforce (Maritim’s b2b CRM).

THE TECH STACK - THE PATCHWORK QUILT

Building a homogeneous and integrated tech stack is a challenge especially for existing hotel chains. As Christian Meissner explains, the current structures and technologies have developed over the past decades. And of course, systems have been replaced over time. However, some elements have been in place for quite some time, and still today play a key role in the operations and which are very difficult to replace. In many hotel chains this is the PMS, as it's the centrepiece of the typical hotel tech stack. Multiple PMS solutions have a vast amount of functionality and offer a lot of flexibility for a hotel within the system itself. But they have not been set-out to be the centrepiece of an integrated hotel tech stack, which is the expectation from many modern hotel companies. "The developments have been fast over the past few years and most hotels expect to have a sort of "plug & play" model with solutions which have not been set-out for these purposes and wonder why it is not working properly", says Christian Meissner.

Michael Stüring, Head of Central Services at Atlantic hotels, explains the complexity behind integrations and data standardization with a hotel PMS. "If you look at a Suite8 database today, how many tables they have and what interconnected branches exist. Compare this to a Protel database, which is built up in a completely different way, and then compare this with an apaleo, which has a database which was structured two or three years ago, then you will see that there are worlds between them, and the problem is that there is no common standard".

Angelika Viebahn, Group Director & Revenue at Althoff Hotels highlights "It is simply hard to break the status quo! First, you are extremely dependent on the system providers you are already working with and of course they want money for every upgrade or change. Then you have to calculate if a change brings the right ROI. Building a new interface can sometimes take up to 2-3 years and then it might be outdated already. If that is not enough, when changing systems, you need to

make sure that the new system has all the necessary interfaces or if you have to build new interfaces again?" This dependency, additional costs and complexity hinders many existing hotel chains to make a switch. Martin Stegner, CIO of Novum Hospitality agrees "In the Niu brand, which is almost exclusively new buildings except for one or two conversions, I have the possibility to install the technology in the way we want it. That's where we are the most advanced. With the Novum Hotels there are so many existing properties and in some cases, there is not even any fixed cabling or similar. This clearly limits the additional features that we can offer our guests".

LACK OF BUDGETS, FURLOUGH SCHEMES & THE COVID-19 ACTIONISM

Many expected, or at least, hoped that the one good thing which comes out of the current pandemic is a massive and fast-paced digital transformation across the industry. To the disappointment of many this did not happen. Martin Stegner says "the only thing that happened really quickly in the industry, is that hotels implemented a QR code to check in and record the guests' data. That's not even something new either and, apart from that, not much has changed." Many hotel companies are currently focused on surviving and don't have the budgets to invest in new technologies.

Most hoteliers, especially owners themselves, have other problems at the moment and are more likely to focus on being able to pay their employee's salaries tomorrow than the digitalisation. To save costs many employees are furloughed (Kurzarbeit), so unfortunately most hotel companies currently do not have the monetary funds nor the available time to spend on new projects. This means that many projects have been suspended or delayed. Constantin Rehberg sees this standstill as a challenge for hotels in the future, "we have had this complete corona vortex for almost six months now, and it will not change in the next six months. There are hotels that will have taken a complete step backwards in the digitalisation for almost a year. And they will have an incredibly hard time to get back on track afterwards."

During this crisis, you can see that the digitally driven hotel chains like Konzept Hotels, COSI Group, or Stayery, are outperforming the market. It was easier for them to adapt to the new hygiene regulations, complete most of the hotel tasks remotely and they are able to run their properties with 20-30% less overhead costs than traditional hotels. David-Friedemann Henning from the Big Mama Hotels explained “Overall, we have a relatively lean concept. Of course, we have a bar and reception, but no back office or reservation department, everything is automated. That's why we are able to scale down and up relatively easily during corona times. The tools help us to automate many processes and therefore our break-even point is lower than in some other hotels, which sometimes need 60% to 70% occupancy”. This is why Constantin Rehberg expects that there will be a strong push in digitalisation in 2021, as unfortunately many suffering properties will not survive the crisis and will be acquired by new investors. These new investors will expect operators to have significantly invested in technology to streamline processes and be able to run hotels at a significantly lower cost structure than traditionally.

DATA MANAGEMENT & THE PLATFORM ECONOMY

In this section, we will take a closer look at the concept of the platform economy. Especially why and how the hotel tech landscape should evolve in embracing the platform economy for the better. It is important to note the differences between an interface and an integration, as these terms are often interchanged by mistake. An interface is where two or more separate software products communicate under limited capacity via API's (application programming interfaces). Data is maintained in multiple locations; thus, requiring more administration. A fully integrated system means that the products are one. This happens when two or more products work closely together to combine different functionalities into one product or work from one common database. The data is maintained in one location.

Throughout the interviewees, the lack of interfaces, integrations and data standardization were mentioned as the biggest challenges in the

hotel tech landscape and, if solved, would offer an incredible upside. As René Halla puts it “There are great solutions in every category of the tech stack, no question about it. But the market as a whole is very fragmented and the way the individual systems talk to each other and exchange data is a core problem.” Hoteliers can theoretically reduce the integration pain point through working with vendors, who offer all-in-one solutions or integrated solutions like the Opera Suite (PMS, POS and Sales & Catering working from one database). However today, it is inevitable to have somewhat of a heterogeneous system structure because there is no vendor who has it all, as explained by Marc-Michael Hanemann, Director of Commercial Development at 25hours Hotels “In principle there is no single system for everything we need. The challenge is that the different tools often do not interact correctly and have to be connected via different interfaces. There is practically no tech company that has a PMS, a CRS, an IBE, a review tool and a CRM simultaneously and interlinked. Basically there is a tool for everything, but it always remains a mosaic of different providers. It is also always a question of interpretation as to how the data from the individual tools is then evaluated in each case. One system is based on bookings, the other on Room Nights, the third on something completely different. It is therefore difficult to set up all systems in such a way that they a) can interact with each other and b) work with the same numbers everywhere”.

This view is also shared by Martin Stegner. “There is not one solution that can map everything. There is no PMS that offers good reporting, CRS, CRM and sales functionalities. You will always need additional third party solutions and it is difficult to connect all these systems on a common data structure”. Martin Stegner believes that a middleware could be the solution, but he has not yet found one that meets his requirements. “I don't know of any middleware that can connect to all these systems and which also works. Most of them connect to the PMS, then the PMS becomes the central point, which is not designed for this. Usually there are problems with data transfer. The main problem is the lack of a good system for

central data storage and management.”

The lack of data standardization throughout the market and each system using different data structures is a key reason why more and more hotel companies are working with data centres / data warehouses to aggregate all of their data, manipulate it and push it back into the other systems. Sebastian Lindner, Senior Revenue & Distribution Manager at MEININGER Hotels, explains “we for example work with a data warehouse. We push data from our PMS into the data warehouse where we aggregate and clean the data. From there on we push it into our forecasting tools and use this clean data for our reporting.” Maritim Hotels too, work with a data warehouse to collect and centralize their data management for all of their b2b sales data from which they then connect all kinds of additional tools.

This, of course, requires certain budgets and Michael Stüring argues that one must also be able to afford this system architecture. His dream scenario would be to have an existing middleware solution / data hub to which all PMS vendors and third-party solutions would connect to. This would allow the number of interfaces needed in a hotel to reduce to one and the same for third party vendors who do not need to connect to “27” different PMS vendors.

SERVER VS. CLOUD & THE MOVE TO OPEN API

The opinions varied on the topic of moving the complete system infrastructure to the cloud. All respondents agreed that overall the cloud is the way forward, but still many voiced certain concerns about the cloud and data privacy.

Not all hotel chains are willing to have their core systems containing the personal guest data, employee data or revenue data in the cloud. Most German hotel chains are still working with server-based PMS systems, even though quite a few are currently transferring to the cloud especially the ones moving from Opera to Opera Cloud. Angelika Viebahn, describes “switching to the cloud is a major IT topic, especially around data

security. Is it secure? Should we rather go with a server-based PMS? But then again you lose the remote access. These are still big questions for us.” Gerd-Martin Linke explains that there is still a lack of confidence and trust in the security of the cloud and to be able to make the right transition you need to make a significant investment and many hotel chains are just not ready to make the necessary investments.

“The move to the cloud is inevitable, if it is a public or private cloud, is a different discussion”, explains Martin Stegner. The general discussion of data protection should currently be a big topic for any hotel working with a US software vendor explains René Halla “Particularly with regards to data protection after the annulment of the Privacy Shield Agreement. This presents us with new challenges, as most technology providers are from the US. Nobody can tell us where this will lead to. We are all in a legal vacuum at the moment.

Gunnar von Hagen believes that it is important to make the transition from proprietary systems to a cloud environment, as quickly as possible, and working with an open-platform allowing to easily connect a variety of solutions. René Halla explains, “the cloud and the development of REST API’s facilitates the interfacing and communication between the different solutions, and this is crucial for hotels, especially to reduce the time-to-market and time-to-implementation of new systems.” However, it is not only the system architecture, if it is cloud or not, which makes an impact, but it is also about the openness of the vendors to share their API’s without additional costs. New PMS vendors like apaleo and Mews with their “open API” mind-set have pushed the market forward.

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THE AUTOMATED HOTEL & TECH-ENABLED CUSTOMER JOURNEY

The “digital check-in/-out journey” is definitely the trend which has been implemented in 2020, says Constantin Rehberg, this includes both the check-in process and the digital key. This guest journey which was mainly known in business hotels and by limited service providers is now being adopted by the mainstream hotel market. Angelika Viebahn is pleased about this trend “if you can draw something positive from this pandemic it is that many have realised that the digital registration form, check-in/out process can be done digitally. Corona has given the industry a good push”.

However, like with all rapidly implemented trends it is important that your hotel infrastructure can handle such a change. Martin Stockburger, co-founder at Konzept Hotels, highlights this with a personal experience, “a few days ago, I was in a hotel in Berlin. Extremely well done, wonderful hardware, great stuff, cool lifestyle, good music, lighting was great, but the digital check-in solution didn't work. If it would have worked, you would be standing in the lift and you wouldn't be able to go up because you had to use the key card to go to

your floor. If you would have made it to your room you'd get there, then the light would only go on if you put something in the electricity slot”.

Martin Stockburger explains that to reap the full benefits of such a journey, it is important to fully automate processes and to eliminate all manual data input. “Our definition of digitalism is a different one than most, namely that the system has to work by itself. There is no point in us manually charging credit cards or manually sending anything to guests. The system must be able to handle that. This requires a tech stack that is interconnected. We are currently still paying for a PMS for more than two years, even though we have already taken it out of the guest journey completely, because we say the new PMS helps us so much in efficiency that it is worth it.”

Michael Stüring confirms the importance of a completely automated guest journey, especially for limited service hotels. “There are no receptionists in the morning who are waiting to do the check-out and manually send the invoice to guests by mail.” Also the Atlantic Hotels, for their new hotel brand unique by Atlantic Hotels, are

The tech stack in the digital customer journey



Providers featured in this infographic have a footprint in Germany

putting the extra effort and investment into building this efficiency and are working with Protel and hotelbird to enhance their, already existing, interface to be able to offer this fully automated process.

Martin Stockburger expands “when setting up a digital guest journey you need to think of the guest first and work back to the tech. Take the iPhone as a best practice and make sure that your guest does not need instructions to understand your process, it has to be intuitive. Furthermore, you have to think of the process holistically. Konzept Hotels have a 100 percent app usage, not just 20 percent, not 30 percent but 100 percent, because without the app the guest can't come into his room. Simple detail, but for us this also means that we have 100 percent control over our guests. We know from 100 percent of our guests what their names are, what their address is, where they live and what smartphone they use. “

The mainstream adoption of the online check-in in 2020 has also a lot to do with the new regulations and the approval of the “digitaler Meldeschein” by the German government which has been called for from the IHA for more than 10 years. To be able to digitize the registration form there is a legally compliant authentication process of the guest via Strong Customer Authentication (SCA) procedure or eID. The SCA is done via the payment gateway and the customer's credit card. This is where Constantin Rehberg sees a key issue which he hopes to be resolved soon. “A misconception is that the digital registration form has to be confirmed by credit card, but many Germans do not have a credit card (or eID, but nobody uses the eID anyways), but these are teething problems that have to be addressed and solved, as the process must be fully automated if you really want to reduce payroll costs significantly”.

The non-plus ultra for a complete remote and automated hotel is the IoT door control system, explains Martin Stockburger. With classic door locks, if there is a problem, for example they have no more battery, the guest will not be able to access their room and will complain. However, in a

complete staff less hotel this can be a significant issue. With IoT technology you have access and control over all your door locks remotely and from anywhere. Therefore, you can always have an overview of all issues or you can intervene without having to be on site.

The trend of a contactless guest journey is here to stay, believes Sebastian Lindner, “we (Meininger) are working on implementing a mobile check-in solution, as we are following the market trend and want to offer the solution to our guests.” Martin Stegner expects that, after the pandemic, the human component will come back into the forefront, as being able to automate a check-in/-out, payment and invoicing process does not mean that there can't be any human interaction anymore. It is just that the manual tasks will be automated. Technology will streamline processes and enable front office employees to become real hosts. Similar to the CitizenM concept introduced in 2008.

Constantin Rehberg is sure that all hotel chains that have already invested in the keyless experience and taken this strategy to heart, even before COVID-19, will be benefiting a lot. He is also pleased that the tech-driven mind-set and tech-enabled hotel concepts are becoming much more recognized today, 12 months ago they were still considered, by many, as too “nerdy”.

FINAL OUTLOOK

In 2020 it has become a prerequisite for all hotels to leverage technology in order to align with changing guest and staff expectations as well as to streamline processes to reduce costs. We can see that the main focus for hotels is to digitize processes around the customer journey and be able to reduce manual tasks around the check-in/-out process. However, not all valuable process optimisation is necessarily guest-facing as there are still many back-office processes which are expensive and time-consuming.

The most important is to have an overall strategy and work with a homogeneous tech stack which is interconnected with real-time data flows and standardised data structures allowing for reduced manual processes. The move to cloud-native solutions is still hindered by doubts on security and reliability. Therefore, key industry challenges remain a lack of interfaces, budgets and data standardization, making it difficult for hoteliers to embrace the interconnected plug & play platform model which is more vastly adopted in other industries. With the pace of innovation lacking amongst industry specific solutions, some hotels are turning to cross-industry solutions to meet their needs and requirements. We can expect this trend to gain more importance as the tech native generations enters the industry.

When it comes to artificial intelligence, it has had its first use cases in areas such as revenue management and chatbots and despite all the attention it has drawn in the past couple of years, it has yet to have a notable impact on both staff and guest experiences. Experts are still not convinced and allocate their resources on tackling other areas of their organisations' digital transitions.

Now, more than ever, will it become important for vendors to highlight a clear ROI generated by their solution and illustrate how it will benefit the overall hotel strategy. To facilitate adoption, vendors will need to focus on the ease-of-use of their solution and offer a frictionless implementation and

onboarding process, if possible remote. However, also

For 2021 we can expect more hotels to invest in guest-facing technologies which do not just add value to the guest experience, but which also streamline processes, one will not anymore go without the other. The hotels who've already invested in a strong digital infrastructure, regardless of Corona, will be the winners when the market picks up.

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Erich Falkensteiner, Falkensteiner Hotel Group

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2

THE CHAIN TECH STACK - WHAT DOES THE DATA SAY?

In the last decade, the industry has seen a variety of new product categories come to market thanks to, amongst other things, the cloud and RESTs API's. Guest expectations have also greatly evolved as mobile became the new normal. With this combination of technical and consumer habits evolution, the average number of different solutions within of hotel's technology stack has skyrocketed, rising from 6 to 15 in the past 10 years according to Hotelhero research.

Thanks to this evolution, guest applications, customer relationship management systems, up-selling platforms, website personalisation tools or rate shopping tools have passed the early-adoption point and are now gaining popularity in the long-tail market.

Still, tools that require a very high accuracy in terms of success rate, such as chatbots or digital keys, are still at the innovator or early adopters

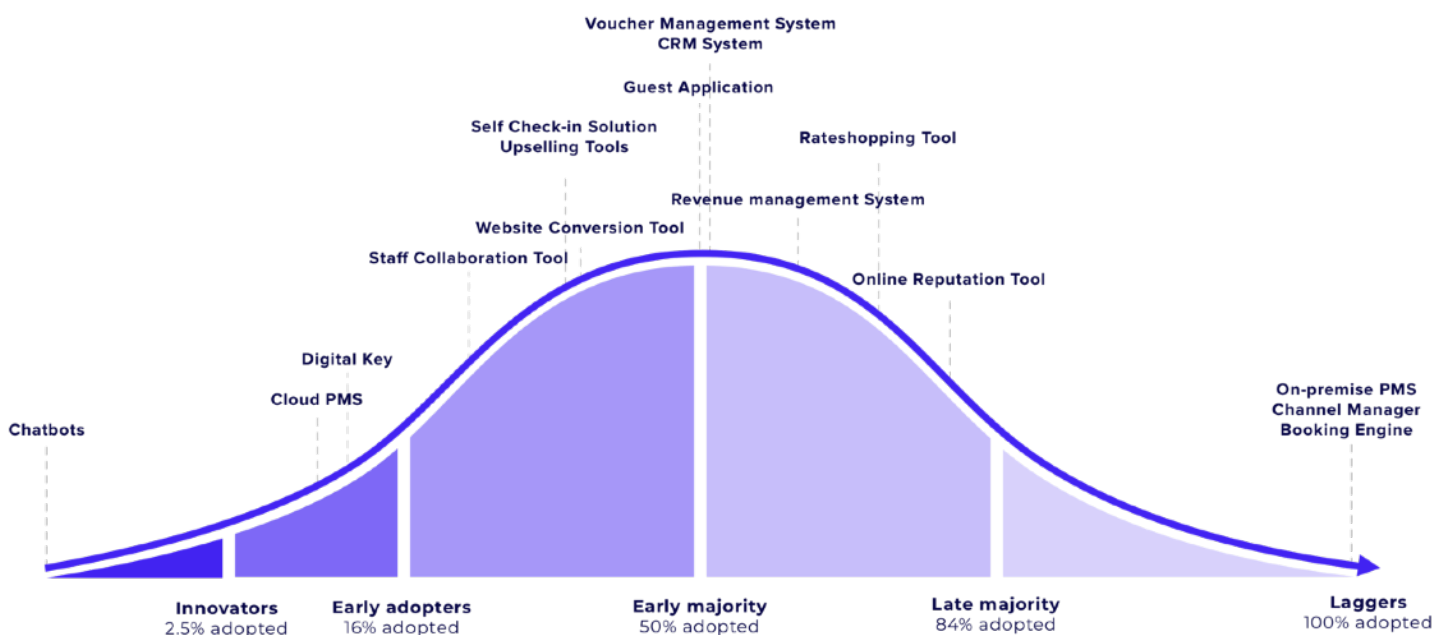
stage as the available technology is not always reliable, especially on multi-property operations.

Throughout the executive interviews, we surveyed each interviewee on the guest and staff-facing software ecosystem they have put in place to cater to the needs of their respective operations. The following points highlight the key facts and takeaways from the quantitative and qualitative data we have collected on 41 German hotel brands.

KEY FINDINGS

- A few hotel groups are moving their property management system to the cloud, but still more than 90% of brands are server-based.
- All interviewed hotel groups have a standardized PMS throughout the whole group, or at least throughout each brand. Many of them standardized this over the past several years.
- Revenue management systems are less

Product adoption in Chain Hotels along the product adoption curve



- adopted throughout hotel groups than expected (with about 68% of brands working with one), as some do not use an RMS at all and some only in their premium brands and not in their economy or lifestyle brands.
- Market intelligence tools are more widely adopted than RMSs throughout German hotel groups. However, many who work with a market intelligence solution and a RMS and there is no major group which works with neither a market intelligence nor a RMS solution.
 - Hotel chains like 25hours hotels are currently not using a RMS during the downturn, as they are taking advantage of this time to make their switch from one RMS to another one.
 - Many of the hotel executives have mentioned the digital check-in, as the major trend in the industry, however, this is not yet adopted in the majority of groups. Many hotel groups have only implemented this in their economy or midscale brands. This might change in 2021 and become more established in the upscale to luxury brands.
 - There have been quite a few hotel chains who have already offered a complete automated check-in before 2020 taking the risk of not

offering a fully compliant handling of the digital registration form.

- The statement - “CRM the new centerpiece of the hotel tech stack” - has yet to be established in the German hotel group market, with only about 60% of the brands working with a CRM at all. Most work with industry specific solutions and some with industry agnostic players like Salesforce.
- Having a system architecture with a data warehouse, as their data hub, is becoming a new trend for established hotel groups wanting to do more out of their data.
- Over 80% of hotel brands use a reputation management tool to collect and monitor reviews. Most of them also use this as a conversion booster on their website.
- Around 44% of the hotel brands also work with hotel specific website conversion tools to monitor their websites and convert more visitors into direct bookings.
- Metasearch and ads is a practice which most hotel groups outsource. 60% of the hotel brands work with specific tools and agencies to do this. myhotelshop is clearly the market leader followed by Sojern, DerbySoft and WIHP.

Providers' map in German Chain Hotels



ATOMIZE

RMS WITH WORLD LEADING PRICING INTELLIGENCE



BOOK A DEMO

3 HOTEL TECH PROCUREMENT

During the hotel executive interviews, we questioned participants on the evolution of their tech procurement process and important factors when considering new purchases.

How are you searching for new systems?

The way most respondents search for new systems is through their own network, vendors who contact the hotels directly and specialized platforms like the IHA Marktplatz (Hotelhero) to discover new trends and tools. Klaas-Jan Meijer, Head of eBusiness from B&B Hotels GmbH, explains that they are benefiting from their international structure, as each country works as their own entity but they share many best practices with one another. B&B Germany, for example, learns from the experience and best practices of B&B Italy or Spain.

Most believe that testing out new tools in pilot projects is very important, as it is the best way to actually see if guests adopt it, the staff embraces it and if it brings the right ROI. However, for certain categories like PMS, CRM, or distribution technology many prefer working with RFP's and making a longer due diligence, as these are more complicated projects. For this most get outside expert help to support them through the search process.

How are you searching for new systems?

Many hotel chains have built or developed some components of their tech stack in-house. However, all are working with a base of off-the-shelf solutions and have only enhanced certain processes or developed one or two specific components.

Novum Hospitality, for example, develops a few aspects in-house as some things are cheaper and faster to develop in-house. The Meininger group has developed their new revenue management system in-house (discover more in the best practice case), as they believed that there was no

system out there which gave them the flexibility to set their own pricing strategy and which was suited for a hybrid model (rooms & beds).

The hotel groups that have no components developed in-house argue that the development is often too expensive and that they want to stay at their core competencies. A great takeaway is to see that most hotel groups are putting more emphasis on having technical people in their team to better understand their needs and have a more fruitful exchange with their software vendors.

Is cloud a prerequisites?

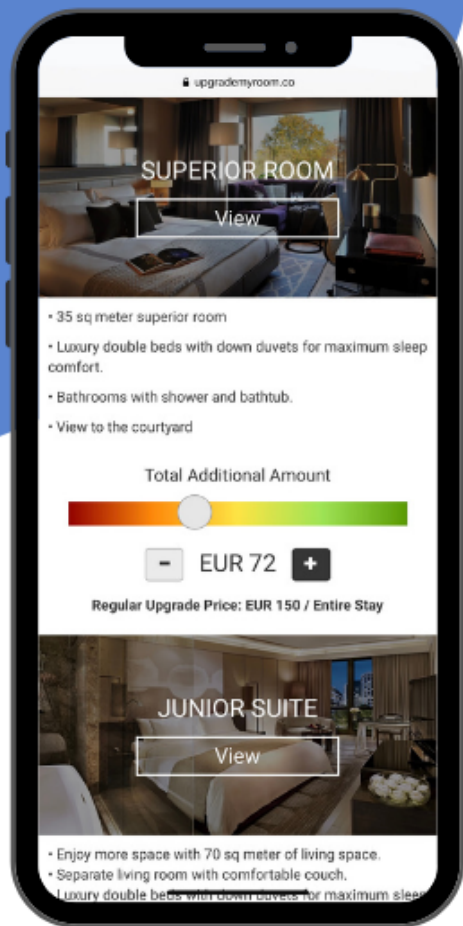
Cloud is not a prerequisite for all. Some, as Martin Stockburger says "yes, I would not work with anything else" and actually do not feel safe to have all of their systems in the cloud. However, the topic of data security and where the data is stored is key for all.

Do you work with (early stage) startups?

The opinions varied, some do work with early stage start-ups and others expect these start-ups to have achieved a certain product-market fit, being able to demonstrate some similar use cases and sufficient funding. One of the reasons why many don't work with early stage companies is due to the lack of necessary interfaces. Some also mentioned that they were not ready to take the risk and put in the investment and effort to be the first pilot customer. However, if a start-up has a tool which is easy to implement and offers a great value proposition with a low barrier to set-up a pilot project, most respondents would be open to try it out.

What is your typical contract length?

The clear trend goes to shorter contract lengths to offer more flexibility in tech decisions. Some companies are still stuck in a few long-term contracts, but if they can renegotiate software contracts these should not exceed 12 to 24 months.



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SPECIAL REPORT

Digital Adoption: How a Modern Tech Stack Will Drive Hotel Recovery

Connecting with guests in a completely new way post COVID-19, hoteliers that rely on tightly integrated systems to build guest profiles, share data in real time, and personalize each touchpoint along the customer journey will lead their markets in recovery.

4

BEST PRACTICES FROM INNOVATIVE GROUPS

Over the year we, at Hotelhero, are in contact with hundreds of hoteliers discussing current trends, recommending software and sharing best practices. We believe that it is always important to share real case studies to not only talk about what should be done, but illustrate how this can be actually achieved.

We are very pleased to highlight three rapidly growing German hotel companies with a digital-driven mind-set, as “Best Practices” for this year’s Hotel Technology Report.

As 2020 is the year of the “remote hotel” and many hoteliers are currently evaluating how to automate touchpoints of the guest journey and operational processes, we wanted to present two organisations, which have automation and the digital guest journey in their DNA: **Koncept Hotels** and **Ruby Hotels**.

Furthermore, we wanted to share the case study of **Meininger Hotels** which have taken the big

step in developing their own revenue management solution. A large scale and complex technology project which is now paying-off.

Finally, as the industry can learn a lot from other more technologically-advanced industries, H-HOTELS.COM’s use case on building proprietary solutions in-house around a cross-industry product such as salesforce is an example of how the right combination of industry specific, cross-industry solutions, and in-house development, can create a competitive advantage.

Martin Stockburger, Tobias Köhler, Sebastian Lindner and Andreas von Reitzenstein participated in a Q&A session to shed some light on their respective brands, share some insights on their organisations’ software ecosystem as well as their tech procurement “do’s & don’ts”. Each brand overview includes their raw interview and an infographic representing the key components of the tech stack.





KONCEPT HOTELS

7 properties
 Focused service hotels



Martin Stockburger
 Founder & Managing Director

INTRODUCTION TO THE BRAND

What makes KONCEPT HOTELS special?

Koncept Hotels offers cosmopolitan travellers a holistically sustainable hotel experience in top locations and with exciting design.

What role does digital play in your company's philosophy?

The DNA of our company, which has won the Digital Leader Award, i.e. how we use digital technology for the guest experience, is the strength of our concept. We received Germany's most important digital award for our holistic approach to digitalisation, which functions exceptionally well.

We have embedded this approach of running hotels with 25% lower operating costs in an extremely successful franchise system. In just 3 months, our model enables us to make every existing hotel profitable - even in Corona times! The focus is not on our brand or a frequent-traveller programme, but on process efficiency, cost reduction and sustainability.

THE TECH STACK

What does your Tech Stack look like?

In the years that Koncept Hotels has been on the market, we have continuously screened and selected the most suitable tech components. Time and time again, it has been shown that we are the

innovation drivers for many of the tech providers and that some of them cannot keep up with our speed. Therefore, we make improvements in the tech stack for individual components in the existing hotels from time to time. In general, we have a standardised tech stack that we roll out in all hotels. In our franchise hotels we manage the implementation of our system architecture and the turnaround within 2-3 months.

What is the central component of your tech stack ?

The central point is: how we at Koncept Hotels think about digitalisation. I always smile when great companies put a well-functioning check-in kiosk next to the reception. ... Then at the next board meeting it is proudly announced that the brand is now digital. But no guest uses it - because... The mind-set is the central component!

What tech project are you currently working on ?

We are currently converting the room access technology from BLE to IOT, if you like a web-based locking system (digital key).

TECH PROCUREMENT

How do you search & select new systems? (Is it more a long RFP or trial & error with a pilot hotel)?

We work extremely meticulously on system discontinuities - and look for solutions. Our goal is to replace manual work steps with technology. The technology requirements are usually determined by the tech component - should there be several suppliers for the same problem, we will place them next to each other and decide which partner corresponds to our mind-set.

Do you build some of your tech in-house or do you buy off the shelf?

That depends. Individual components do not make sense to develop in-house, because too costly too complex, not our core business - or easily replaceable. We develop other, more system-relevant components that are not available in the marketplace, tailored to our needs.

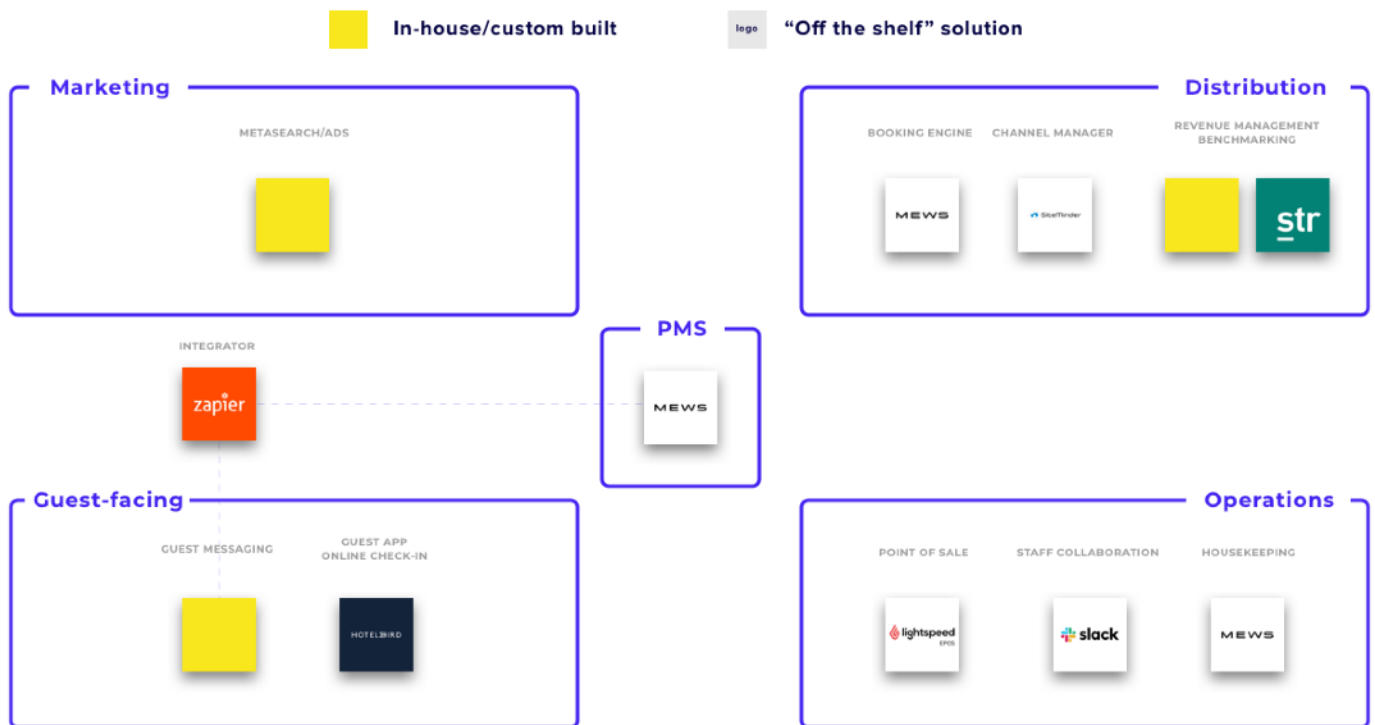
Do you have specific prerequisites when you are buying new tech (cloud, interfaces, data security)?

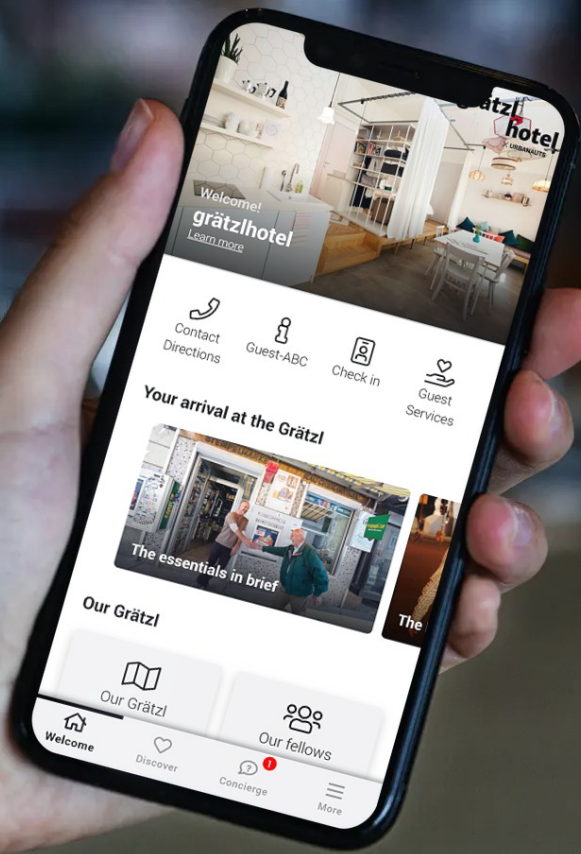
LOL... we have never considered an alternative to Cloud - I mean, who wants that? Of course, data security and existing, stable interfaces are the prerequisites!

Do you have contractual minimum criteria for duration, payment, payment method?

In our experience, the best provider at the time the contract is signed can be completely outdated, slow or obsolete within one or two years. Therefore we always look for the shortest SaaS term possible.

KONCEPT HOTELS' tech stack & vendors





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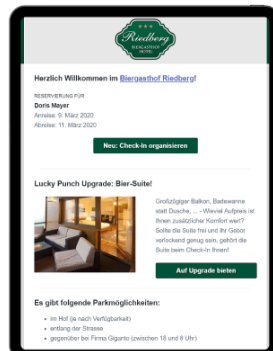
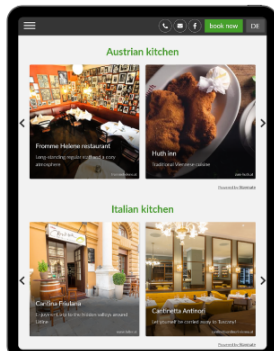
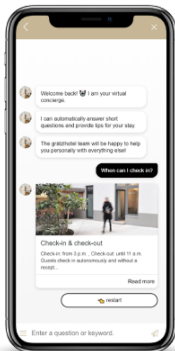
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RUBY HOTELS

8 properties
Owner/operator



Tobias Köhler
Group Director Systems &
Commerce

INTRODUCTION TO THE BRAND

What makes Ruby Hotels special?

The Munich-based Ruby Group under the leadership of founder and CEO Michael Struck is breaking new ground with its Lean Luxury philosophy. With a lean organisational structure and concentration on the essentials, Ruby succeeds in creating a contemporary, affordable form of luxury for modern, cost and style-conscious customers.

What role does digital play in your company's philosophy?

We run things differently from conventional hotels, constantly looking for ways to save our guests money and time. We've questioned every process and every one of the usual organisational structures. Digital services throughout the entire Guest Journey, be it the simple booking via our website or the digital self-check-in process up to the automated sending of invoices via email, help us in this approach. We have centralised and automated almost all tasks that have nothing to do with our guest experience - administration, marketing, control tasks - and thus locally put the focus back on the essentials - the people. At the same time we are more efficient and have better control and a reliable quality. We organise ourselves with the help of both our own technical solutions and e-commerce solutions or hotel specific software.

THE TECH STACK

What does your Tech Stack look like?

We control all hotels centrally and use a standardised tech stack. We test new solutions in one hotel or another, which we then roll out to the other hotels after successful trial runs.

What is the central component of your tech stack ?

The central component of our tech stack is currently the PMS.

What tech project are you currently working on ?

We are currently working on several optimisations that would go beyond this scope. Our main focus is on the smooth guest experience and automation in the background, as well as the associated cost and time savings for our customers and us.

TECH PROCUREMENT

How do you search for new systems? Is it more a long RFP or trial & error with a pilot hotel?

In procurement, a lot has to do with assumptions that, for example, a process or an entire corporate field of action could function better, more efficiently or, for instance, save resources by means of a specific system. This has to be checked and continuously discussed by working closely with the respective end user in procurement from the very beginning. As an intermediate step, a specification sheet is often drawn up here, which defines a certain starting point on the basis of which the various suppliers can be assessed for fit.

The situation is somewhat different for projects that promise an innovative 'leap' or that may be just opening up a business area. Here, the basic assumptions must be checked in a test.

To do this, a pilot project is discussed with in-house stakeholder and the provider for a certain period of time, on the basis of which the promises are checked and classified.

Do you build some of your tech in-house or do you buy off the shelf?

At Ruby we have a two-pronged approach, developing our own solutions as well as buying 'off-the-shelf' and tailoring these systems into our system landscape with 'in-house' developments to enable the best possible working methods and data processing.

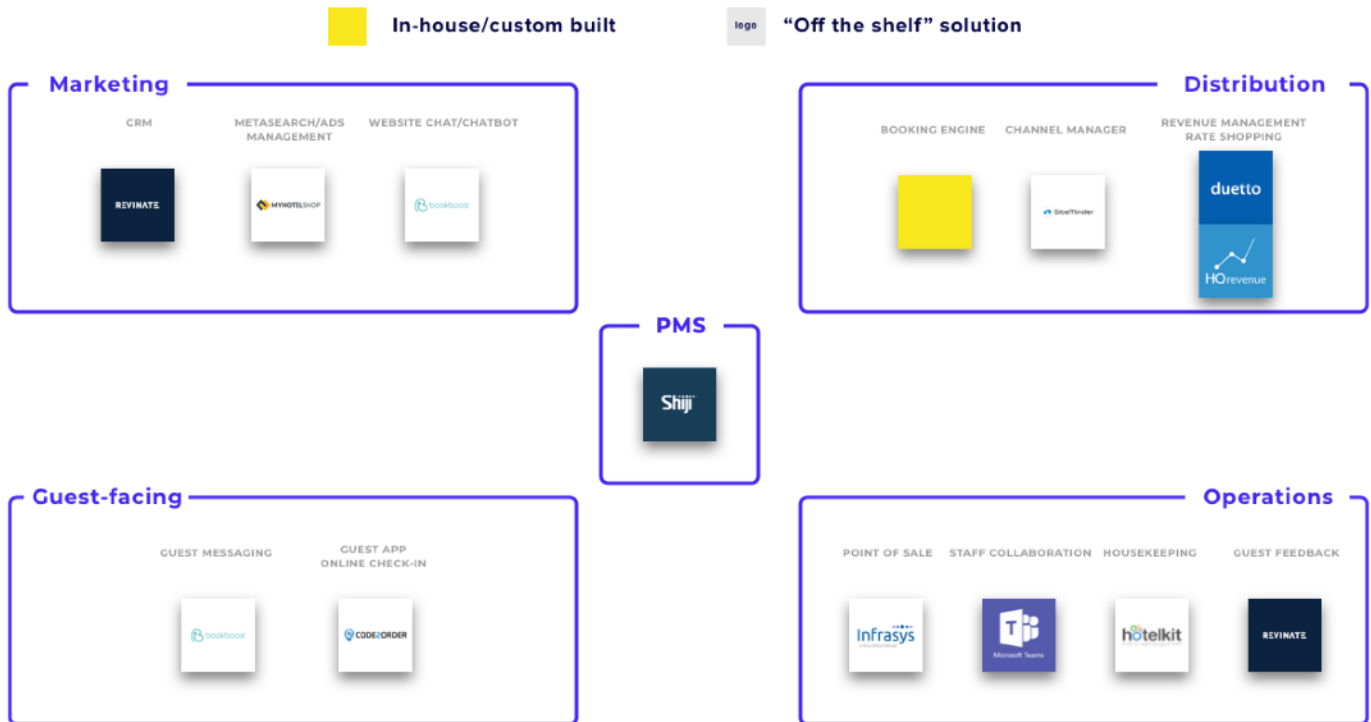
Do you have specific prerequisites when you are buying new tech (cloud, interfaces, data security)?

We have defined principles that guide us when selecting new systems. For example, cloud, Open API and data security are important to us among others that we cannot disclose here.

Do you have contractual minimum criteria for duration, payment, payment method?

When we commit to a partner, we like to go for long-term relationships and we see this as the foundation of a successful partnership. Contractual conditions that correspond to our concept and enable agility play an important role for us.

RUBY HOTELS' tech stack & vendors



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MEININGER HOTELS

29 Hotels
Owner/operator



Sebastian Lindner
Senior Revenue &
Distribution Manager

INTRODUCTION TO THE BRAND

What makes MEININGER Hotels special?

MEININGER Hotels is a hybrid product, which means that our hotels combine the best of two worlds. The service and comfort of a hotel meets the conveniences that you normally only find in hostels. We offer the classic double room, an extensive breakfast buffet, but also a guest kitchen, private shared rooms and dormitories. This combination appeals to the most diverse target groups: families, school groups, business travellers and backpackers.

What role does digital play in your company's philosophy?

Approximately 75% of our guests are younger than 34, and we naturally want to offer this clientele digital touchpoints to simplify processes and bring our services a little closer to the customer.

THE TECH STACK

What does your Tech Stack look like?

All hotels use the same systems. Until recently, we had different PMS systems in the respective hotel. However, as we are expanding rapidly in Europe and each country has its own regulations that have to be complied with, we have now decided on a uniform PMS system and have converted all the hotels to this uniform PMS system.

What is the central component of your tech stack?

As a central component we have our PMS, which is currently SIHOT, to which we connect all data and third party tools. Nevertheless, we also work with a data warehouse, where an XML snapshot report runs daily at night from SIHOT into the data warehouse. There the data is processed and cleaned up. For example, the forecast software tools are filled with this data and our reporting also comes from there. But the PMS is and remains our basis, where we have the CRS and channel manager connected and all other tools that are relevant for the guest journey.

What would be your preferred way of having it ?

I am quite happy that our PMS is the basis. So we really only have one point to take care of and the whole thing is taken care of. From our own experience we can say that it is not easy to work with multiple PMS providers in one chain. This is because they all use a different account structure or market segments to then combine these in reporting is relatively complex.

TECH PROCUREMENT

How do you search for new systems? Is it more a long RFP or trial & error with a pilot hotel?

As our team is relatively well connected, we are always up to date and know what's new on the market. In a small internal group we first look at whether we should start a pilot process with a new tool. Once a pilot process has been set up, we evaluate together whether the tool works, the pros and cons, the costs and whether it is worth implementing it throughout the chain.

Do you build some of your tech in-house or do you buy off the shelf?

We also develop in-house, for example we have developed our own pricing tool. It was important to us to have a tool that fits our own pricing philosophy. Especially as we have a hybrid product (rooms & beds) we found that the existing systems on the market did not offer us the flexibility to implement our pricing philosophy. We then developed our own algorithm, first on Excel and then built the software, which we can now easily adapt with parameters to fit our philosophy. This modular approach has continued to benefit us throughout the crisis. But of course, such a large in-house development also requires a lot of internal resources, not only in building but also in maintenance.

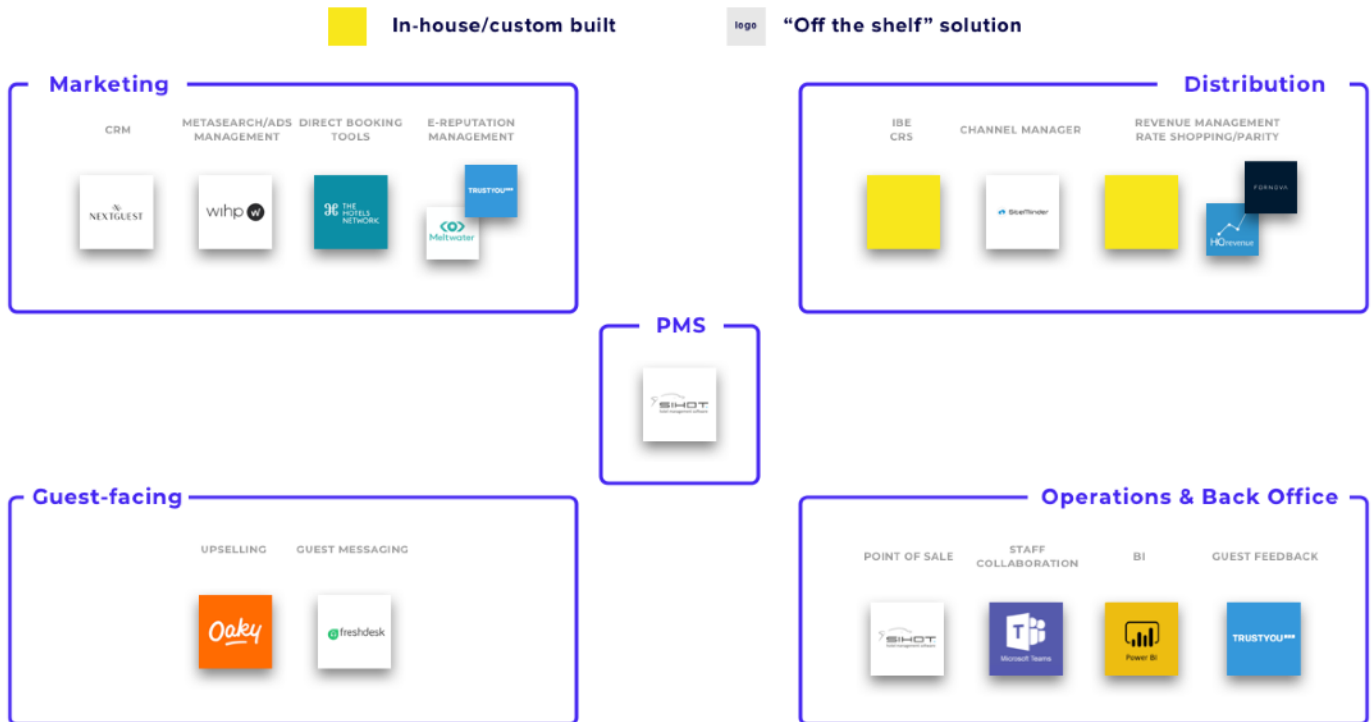
What are the basic requirements you have to buy tech (cloud, interfaces)?

We have no specific requirements. For us, it is decisive that the product that the company offers is helpful to us. It can be a start-up as well as an established company.

Do you have contractual minimum criteria for duration, payment, payment method?

We work with master agreements for the chain, this helps us with the terms and conditions when opening new houses. We try to have as much flexibility as possible in terms of the duration of the contract and conclude contracts for no longer than 12 to a maximum of 24 months. For us, it is crucial that the product the company offers helps us. It can be a start-up as well as an established company.

MEININGER HOTELS' tech stack & vendors



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H-HOTELS

60 properties

Operator



Andreas von Reitzenstein

Chief Commercial Officer

INTRODUCTION TO THE BRAND

What makes H-Hotels special?

H-Hotels.com is a family run, independent hotel group. Throughout our more than 50 year history we have always distinguished ourselves by a high service orientation and agile approach. Under the umbrella brand H-Hotels.com we currently carry six brands, Hyperion, H4 Hotels, H+ Hotels, H2 Hotels, H.omes and H.ostels, with which we serve a wide variety of guest needs. We are hosts by passion, the satisfaction of our guests and employees has always been our main focus. Therefore we attach great importance to the permanent development of our hotel concepts and sustainable growth. This pays off time and again: In consumer surveys we regularly receive top marks for customer satisfaction and loyalty.

What role does digital play in your company's philosophy?

Digitalisation has long been a central theme for us and is a very high priority in all areas of the company, both along the customer journey and in all other business areas, including purchasing, sales, marketing and e-commerce. We have completely centralised these departments. As a result, we have created lean structures that allow us to react quickly and flexibly to new developments and requirements. We have, for example, completely digitised our event management and work here with a digital live

planning and booking tool.

THE TECH STACK

What does your Tech Stack look like?

We have a centralised approach, which is why our tech stack is standardised across brands for all hotels. Only the PMS for our brand H.ostels is an exception, as Opera cannot manage beds.

What is the central component of your tech stack?

For us the CRM system Salesforce is the "mother database" of all our systems. We have been developing Salesforce as our central component for almost two years. The process is not yet complete, and further development is also part of our vision for the future. All other systems will be brought together here. The decisive factor is to work with the data that we collect every day via our CRM. This is not possible from the PMS. Although the PMS has millions of data points, we do not have the possibility to extract them and work with them. Therefore Salesforce is our central element in the tech stack.

What would be your preferred way of having it?

Our current structure and the corresponding components are set up according to our wishes. We always look beyond the horizon and observe what other industries are doing. For example, we focus on the retail market and look at what companies such as Amazon are doing, as we believe there is a lot of innovation here. In the future, the winners will be the companies that expand the topic of digitalisation and focus on innovation. Some say that retail is not comparable to the hotel industry, but I think there are parallels here: The user is used to the processes from online shopping and therefore expects the same possibilities when booking a hotel. With

Salesforce, we have the future-oriented programme that is the most innovative, in itself due to the size of the company and its customer base.

Which tech project are you currently working on?

The current situation has of course delayed our plans a little, but we are keeping to our plan and our priority is to expand Salesforce. As always, the focus here is on the customer to ensure the best possible shopping and hospitality experience for them. We are currently working on the complete personalisation of our website, including the newsletter and online marketing, using Artificial Intelligence to provide customers with personalised offers and content tailored to their needs and preferences.

TECH PROCUREMENT

How do you search for new systems? Is it more a long RFP or trial & error with a pilot hotel?

When we look for new software, the customer and his user experience is of course the main focus. In

addition, we as a company are naturally also turnover-oriented and look for systems that enable us to work more efficiently. We do not have any system that is only "nice to have" from our point of view. As a rule, we also base our selection on existing interfaces to Salesforce and carry out pilot projects to test new systems.

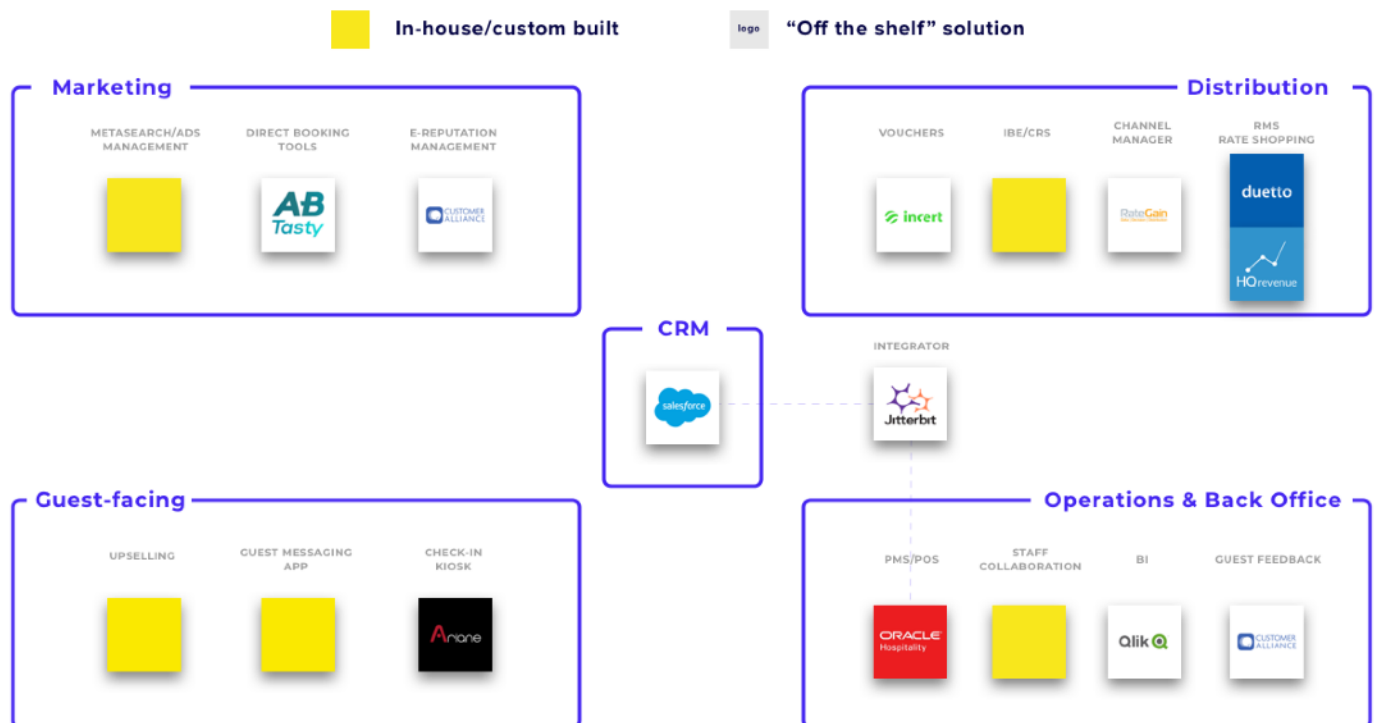
Do you build some of your tech in-house or do you buy off the shelf?

We mainly develop "in-house" and have our own development team. However, if required we also work with "off-the-shelf" solutions.

What are the basic requirements you have to buy tech (cloud, interfaces)?

Naturally, the above-mentioned conditions have priority, but a decisive factor for a new system is that it is not a tool specialised for the hotel industry but rather that it comes from the e-commerce sector and is used by leading companies worldwide.

H-HOTELS.COM's tech stack & vendors



Beonprice - the future-oriented RMS

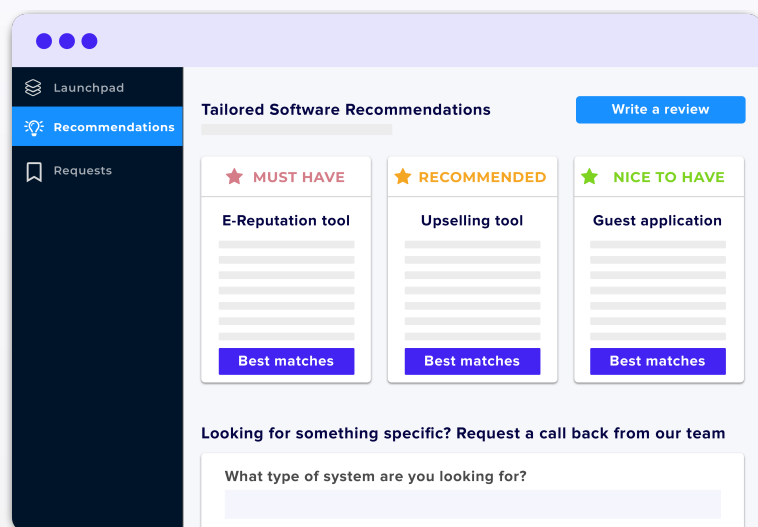
Beonprice is bringing the value of revenue management technology to the next level. With regards to hotel quality, we identify guests' exact willingness to pay and based on this perceived price fairness, we lay the foundation for guest retention.

More info about this on dach.beonprice.com



Hotelhero

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5 MARKET INSIGHTS

The report was prepared by leverage Hotelhero’s best-in-class hotel software database with over 1,500 hospitality-related products and more than 100’000 data points. Through various methods of data gathering including, the Hotelhero platform’s standardised hotel on-boarding process as well as its proprietary (developed specifically for the hotel industry) "Software Discovery Bot", Hotelhero collects thousands of data points every month on what systems are implemented in different types of properties. Hotelhero’s research team manually verifies the data and enriches the content.

The data on the adoption rates and tech stacks, from independent hotels and hotel chains, was based on the 1000+ German hotels signed up on the IHA Marktplatz and personal interviews conducted with hotel executives. So that the data could be taken into account, a hotel had to specify at least 4 systems and successfully completed the on boarding process. Providers can also indicate their user base via their dashboard.

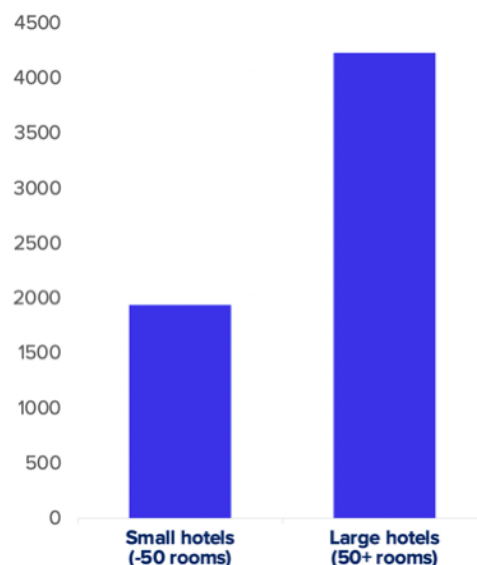
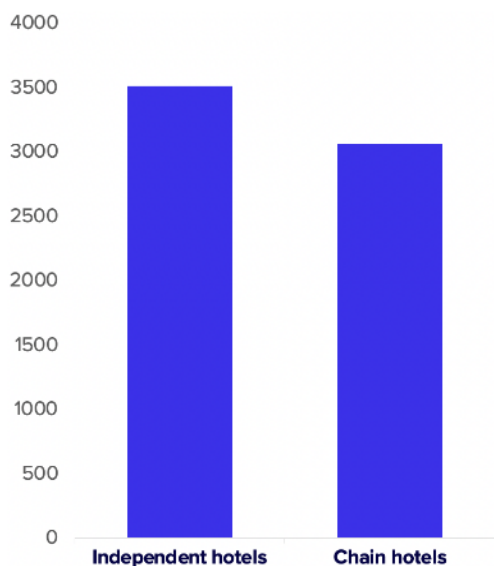
The market penetration was evaluated on a sample size of 5’000+ German hotels and only focuses on independent hotels and small to medium sized hotel chains with a footprint in

Germany. Franchises from large international hotel chains (hotels from the likes of Accor, IHG, Hilton, Marriott, etc.) have been excluded from the findings to give a clear picture of the German hotel tech market. For each product category, the sample size varies depending on the amount of data that has been collected.

The following pages will help hotel professionals identify key players in the market and give unique insights into market penetration data for the 15 most important product categories. Depending on each one of them, and to provide an accurate perspective of the market, the data has been analysed from different angles. When relevant, market penetration is presented either by comparing independent hotels versus chain hotels, or by property size, small (under 50 rooms) versus large. In some cases, the data is shown throughout all property sizes and structures.

We have also reached out to executives amongst proven and scaling companies operating in various categories of the hotel tech stack to share their opinion on the current trends and future outlooks of their respective product verticals.

Data composition



PROPERTY MANAGEMENT SYSTEM

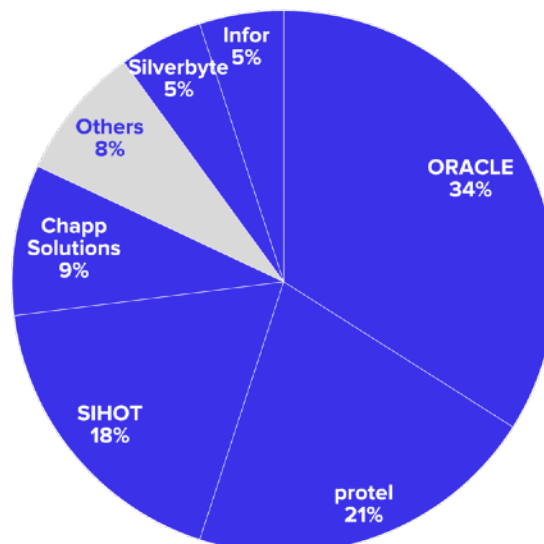
A Property Management System (PMS), also sometimes referred to as a Hotel Operating System (HOS), is the central operating software of a hotel. Historically rolled out on-premise, it has evolved through various types including server-based, hybrid or cloud-native. Cloud solutions can be delivered in two types. Either cloud-hosted, which in some ways may still be considered the “on-property” version of the software hosted on dedicated server(s) managed by the vendor, making them on-property applications that are available remotely, or cloud-native which are applications that are hosted in a true cloud infrastructure (like Amazon Web Services) and are delivered via a Software as a Service model. With the introduction of cloud native PMSs, both vendors and hotels have transitioned from rather high one-off license fees to a subscription cost which is no longer identified as CAPex but OPex.

Modern PMSs are modular, giving hotels the flexibility to easily turn on or off 3rd party apps, and also ease the way for data migration to another PMS if needed. Given that the PMS is the “core-system” of a hotel’s technology stack, providers’ service level agreements are crucial and an important criteria when selecting their PMS. At a functionality level, the PMS is

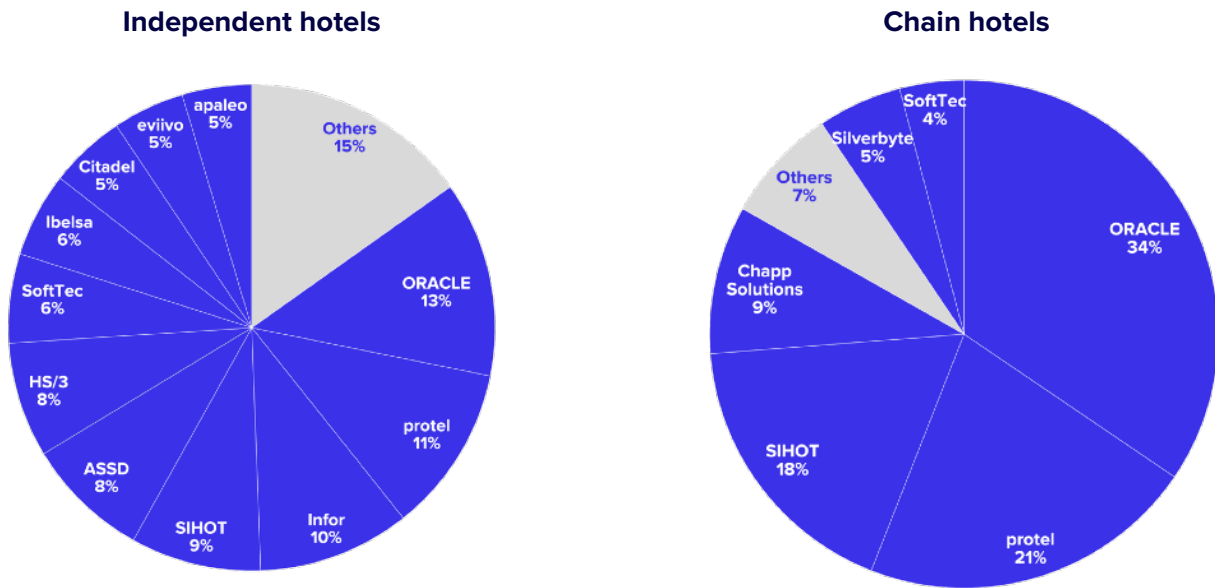
responsible for various operational and administrative tasks including access, updating, and tracking of all relevant information across most departments. Those functions range from managing reservations, distribution and guest data to cashiering, and payment processing. They also deal with check in and check out (as well as mobile and self-check in kiosks in some cases). In terms of reporting and KPI tracking, most PMS vendors provide basic statistics, custom report builders and various export formats, and interface their solution to specialised 3rd party business intelligence tools for in-depth reporting.

Depending on their strategy and target group, vendors can provide other modules such as integrated point of sale systems, sales & catering solutions or distribution technologies such as a channel manager or booking engine. Though historical providers have taken that road, the SaaS economy and technological evolution have opened up a new wave known as “best of breed” which consists of interfacing various best-in-class solutions to the PMS in order to gain flexibility and functionality. These interfaces include revenue management systems, up-selling tools, channel managers, booking engine, point of sale systems, housekeeping solutions or door lock systems.

Overall market penetration



Independent vs. Chain Hotels market penetration



KEY FINDINGS

- The German PMS market is highly fragmented with a vast amount of different solutions. Especially in the independent hotel market and amongst smaller properties. Regional and National players, or at least DACH based companies, control most of the market.
- Oracle, Protel and SIHOT have the strongest market penetration in Germany. This is mainly driven by the strong chain adoption, but also larger independent properties typically work with one of the three companies.
- There is no clear market leader throughout the independent market. Vendors like Oracle (mainly driven by the Suite8), Protel, and SIHOT each have around 10% of the market driven by larger independent properties.
- Nearly 50% of very small properties (below 30 rooms) are working with a cloud solution. This is due to the small b&b's and hotels working with vendors like Julia PMS, eviivo, or Ibelsa. The PMS for smaller properties are typically an all-in-one hotel software solution offering a PMS; channel manager and booking engine module.
- In the 30-70 room hotel segment you see a

higher percentage of server-based systems with a majority of Softtec (with their Hotline Front Office), Protel and HS/3.

- To date, there is still little market penetration from international cloud PMS vendors in the German hotel market. However, we can notice an increased brand awareness of cloud-native PMS vendors like Mews, apaleo, Clock and Cloudbeds. Our expectation that this will lead to an increased market penetration in the upcoming years.
- Most of the PMS vendors currently offer an alternative “cloud” solution to their on-premise PMS, but most of the legacy vendors have not yet managed to transfer the majority of their customers from the on-premise solution to the cloud.
- Oracle is more represented with its Opera solution in chains and most independents are on Suite8. Quite a few chain customers from Oracle are making the switch from Opera on-premise to Opera cloud. However, most Oracle customers are still on the server-based solution or on a hosted solution.
- Protel also has its majority of clients still on the server solution.

In this viewpoint, we asked 5 solution providers to share their thoughts on key facts and future outlooks of property management systems.



Stephan Mohring
 Director of Sales Central Europe
 ORACLE Hospitality

“During these challenging times, hoteliers are looking for ways to automate tasks and do more with less. There is no doubt that technology will play a critical role in the recovery process across the entire industry and the changes and upgrades hotels make now will have a major impact in rebuilding and gaining consumer confidence in the future. One of the most cost-effective ways for hotels to accelerate recovery and implement innovative technologies is by leveraging cloud technologies. Moving hotel systems to the cloud will help lower IT costs, can improve security, speed time-to-market for new services and innovation, and allow limited staff to focus on their guests.”



Richard Valtr
 Founder
 MEWS

“The hotel of the future will be more like the hotel of the past, where lines of what was a hotel and only a hotel were blurred. With so many properties stuck in a model of heads-in-beds and wall-to-wall standardisation, a return to the original values of hospitality will help hoteliers adapt to an ever more disruptive world. Unlike in the past, however, technology will play an increasingly important role. Hospitality is changing fast as consumer tastes evolve, and the way Mews thinks about this is that brand and the promise of consistency has been the key market driver for some time. The future is pretty exciting in our view – hotels will transform into a place where experiences are built, ones which need to be highly responsive to customer desires. This means open/readable/dynamic APIs, better interoperability with applications outside of hospitality and ultimately expanding hospitality away from just hotel rooms and the heads-in-beds model. After Covid-19 subsides, the key word will be flexibility - how you staff your hotel, what services you offer and who you partner with to bring the best yield for your services and rooms.”



Wolfgang Emperger
 VP Hospitality EMEA & LATAM
 Infor

“With the current global situation, there has never been a time when the availability, flexibility and resilience of mission critical operational platforms has been more important to business continuity. Hotel managers are rethinking the way they deliver services. They have to act fast and need to be agile. The ones who are ahead of the game are those that recognize the important role that a foundation in scalable technology plays in operational cohesion and flexibility. A cloud-based hotel PMS that integrates easily with mobility, reservations solutions, and other hospitality technology has been a key to scalability for many years by now. Adoption rates have been slow, but steady. In light of today’s challenges, the impetus to leave the status quo behind and evolve hospitality technology platforms to scale toward a new era will be vital mandates. Issues such as contactless and self-service technology for both guests and employees, remote system updates, data security and a single source of truth instead of disparate systems as well as a lower total cost of ownership are growing in importance. As we venture into the 2020s, the relationships between technology, culture, world events, and utility will only deepen. We believe that cloud adoption is one of the first steps to achieving resilience.”



Carsten Wernet
CEO
SIHOT

“The digitalization of one of the most traditional industries will now proceed at a rapid pace. What was previously triggered primarily by growing expectations of guests must now be implemented faster and under more difficult conditions due to the Covid-19 pandemic. This is because many areas of digitization not only improve the guest experience, they also ensure social distance. Once the cornerstones such as online check-in and check-out or reception terminals have been implemented, it will not be long before more and more hotels replace local data management with cloud solutions. In addition, more integrations will certainly be used to enhance the digital guest experience or data insights will be used to design the service architecture.”



Ulrich Pillau
Founder & CEO
apaleo

“The term “Property Management System” and the closed legacy software that it represents is rapidly becoming obsolete. The only sustainable answer to this problem is an open accommodation platform, built API-First. Although cloud PMS providers deserve some credit for bringing the technology online, they are also built based on the same logic as legacy systems: restricting hoteliers from using other tech providers in favour of their own “all-in-one” product lines. This slow development has been detrimental to innovation. However, as a reaction to the technical void, tons of amazing new categories of apps push the industry forward and seem to pop up daily, solving issues on every level. These apps don’t want to bother with the core functions of the property, but instead need the creative space to do what they do best. Whether a hotel is looking for a solution to connect their distribution channels to the front desk or a serviced apartment needs to distribute digital keys to their guests through contactless check-in services, unlimited possibilities must be available. Every app just needs to connect to an open accommodation platform in order to build future accommodation businesses. Entirely open APIs allow seamless integrations with existing hospitality apps on the market. Moreover, anybody should be empowered to develop their own apps and software on top of the hospitality platform without limitations. Many innovative companies are already achieving this with their proprietary accommodation concepts using a platform as the “operating system.” To be truly flexible and agile, the industry will come to rely on the #FreedomToCreate.”



Ingo Dignas
Co-founder & CEO
Protel

“Since the pandemic protel has noticed a large increase in Marketplace sales, specifically for kiosk applications - for self-check-in, and for Voyager (protel’s guest-facing app). Consistent with that trend we have noticed that hotel owners are using this period of low occupancy to move to the cloud and adopt contactless technology. Part of this adoption will be ensuring that the four key aspects of PMSs are being met, i.e. easy to learn, optimizes all of the hotel’s workflows, integrates seamlessly with other products and backed by world-class support with locally-based teams. We have grown our PMS on these principles and we believe they should be the decision criteria for all PMSs. Other areas we can see as being beneficial in the future are voice input - for the new contactless normal, deep payment integrations - so that hotels can receive their income instantly and features supporting the new world of online and hybrid events. Looking forward, hoteliers want to be able to choose the best integrations to optimize their tech stacks and not be limited by what their PMS provider allows them to use. If PMS providers are not offering a marketplace with open APIs, like protel’s, they will soon die out. Google Hotel Ads is also a game-changer, we expect Google will be a vital tool for generating bookings in the future.”

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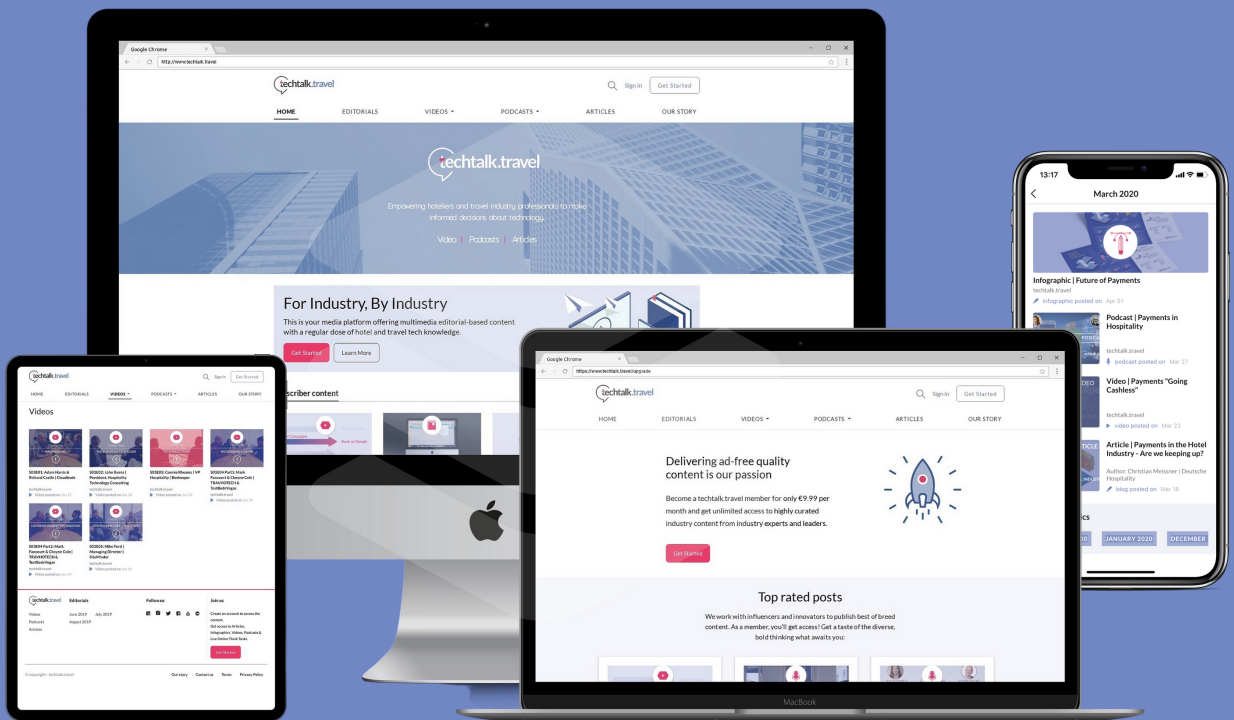


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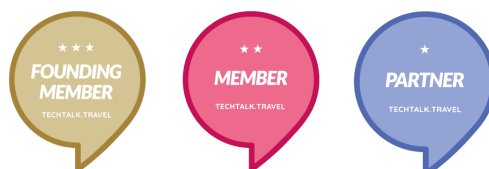


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BOOKING ENGINE

An internet booking engine (IBE) is the equivalent to what a shopping cart is for a retail website. It's sole purpose is to process online bookings directly and in real-time through a hotel's website. That it be connected to the hotel's CRS, channel manager, or PMS, the IBE functions as a 'stand-alone' application.

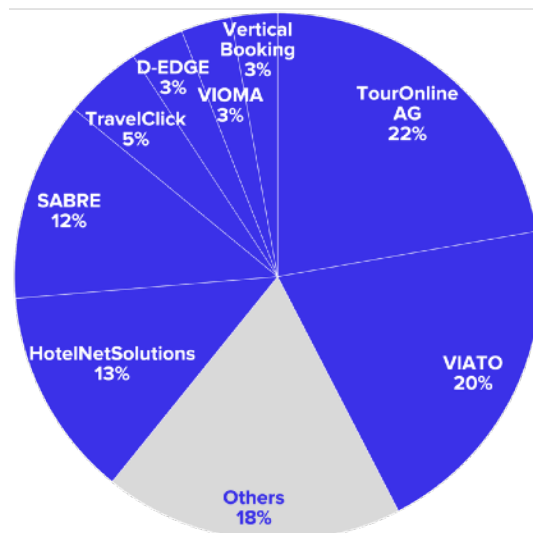
A booking engine can be provided in different ways, as a standalone solution, packaged with other tools such as channel manager and PMS, or as part of a central reservation system which provides a holistic distribution platform.

From a functionality perspective, packages, up-sells and promo codes are "musts" for today's modern booking engine. It should also incorporate personalised targeting based on demographics to trigger different promotions set up by the hotelier. Reporting wise, the solution should allow for booking patterns identification as well integration of third party tracking tools such as Google Analytics, Heap or Hojtar. Mobile responsiveness, multi-language and multi-currency are also critical aspects to a high conversion rate. Accepting payments is also one of the main tasks of a booking engine and it should enable credit card payments and be PCI and PSD2 compliant by

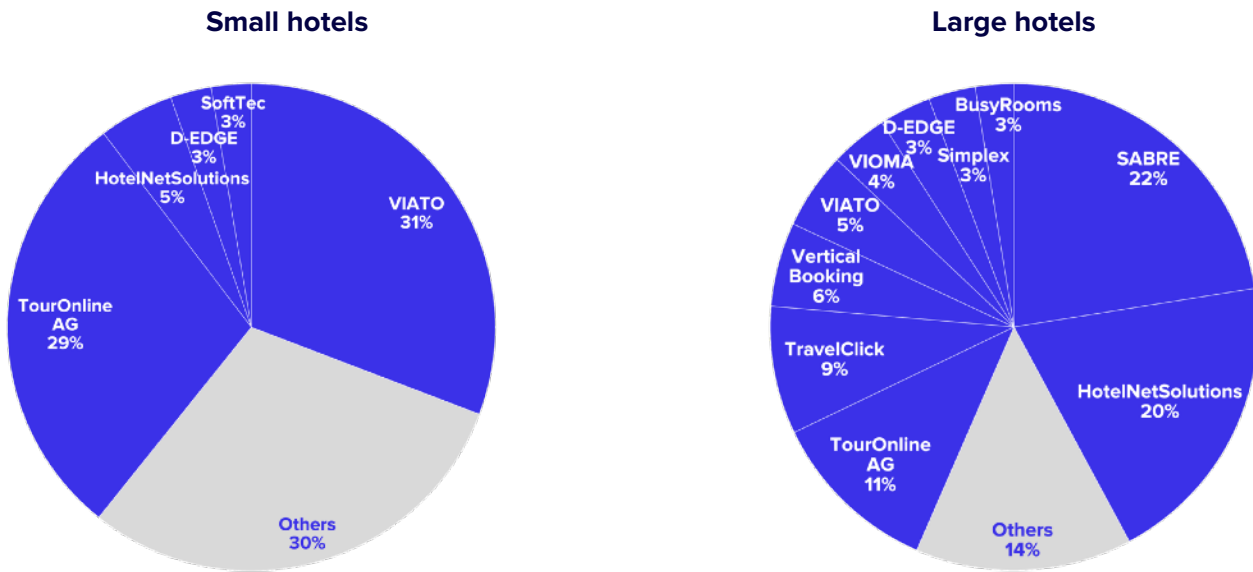
integrating with a payment gateway as well as support other payment methods such as Apple Pay, Google Pay, Amazon Pay, AliPay or Paypal. New solutions have also emerged in order to increase conversion rates, allowing hotels to trigger personalised popup messages, flash sales, review and rate comparison widgets. Some booking engine providers have added these functionalities to their offer to reduce the number of providers for hoteliers.

A booking engine is interfaced "2-ways" to the property management System (PMS) or channel manager, and, in some cases, to some direct booking tools, also referred to as direct booking boosters.

Overall market penetration



Small hotels vs. Large hotels market penetration



KEY FINDINGS

- The booking engine market, similarly to the PMS and channel manager marketS, is highly fragmented with a strong footprint of German companies. It has a very strong correlation with the channel manager market, as most hotels work with the same vendor for their channel manager, booking engine or CRS.
- The market penetration of vendors significantly varies between small and large properties, as it also does between independent versus chain.
- For German hotel groups, Synxis from SABRE is the clear market leader with over nearly 35% of hotels linked to a German group using Synxis as their IBE. These groups work with the CRS from Synxis and the IBE is one of its components.
- Dirs21 by TourOnline AG is the market leader in the independent hotel market with a strong adoption amongst both small and large independent properties. This could be due to some of the largest German hotel consortia (amongst others Romantik Hotels & Ringhotels) working with Dirs21 as their booking engine and therefore hotels using the same for their direct booking channel. Furthermore, its price point in comparison to some of their

- competitors makes their solution more attractive for price-sensitive customers.
- HotelNetSolutions is the second force for larger hotels with a strong adoption amongst 100+ rooms independent hotels, as they offer a premium booking engine with a strong focus on design and user-experience.
- Viato has a strong market penetration amongst small properties in Germany with around 500 properties with 50 rooms or less.
- Throughout our research we could identify a significant share of small properties up to 30 rooms in the country side not working with a booking engine, but just a "request tool". This could explain why some vendors which are especially present in small hotels are not as well represented in the booking engine market.
- The request functionality is much more represented in resorts and leisure destinations where bookings can be a bit more complicated (e.g. booking restrictions, activities) and the reservation office taking a look and preparing a personal offer. Our research team has also identified a number of hotels who have even turned off their booking engine during the pandemic and only offer a request feature.

CHANNEL MANAGER

A channel manager connects a hotel’s inventory (room rates and availability) to multiple online distribution channels including online travel agencies (OTAs), brand.com and in some cases meta-search sites and global distribution systems (GDS), and allows to sell and manage availabilities in real-time on all channels simultaneously, avoiding over-bookings as well as rate parity issues.

Channel managers can be provided in different ways, as a standalone solution, packaged with other tools such as booking engine and PMS or as part of a CRS which provides a holistic distribution platform. Independent hotels, for most of them, work with one of the two first options whereas chain hotels usually work with the third scenario in order to have centralized reservations teams managing distribution regionally or worldwide, and therefore require an overview of all properties.

A channel manager is expected to fulfil various distribution and yielding functionalities as well as some reporting capabilities. These should include automatic updates of all channels in real-time, custom inventory and rules per room types and channels (block out dates, limits to discounts, minimum length of stay) and pooled inventory

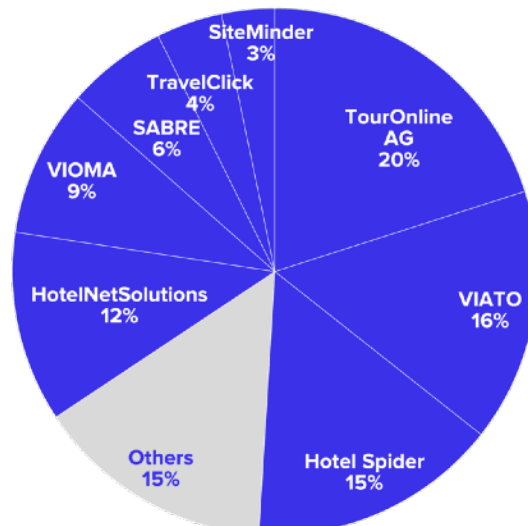
meaning the available inventory is evenly distributed across all channels and reduced when any of the channels sell a room. On compliance aspects, PCI DSS, GDPR compliance and other security certifications should be well evaluated.

A channel manager is interfaced “2-ways” to the property management System (PMS) and a variety of online booking channels, and, in some cases, to the revenue management system (RMS), Internet Booking Engine (IBE) or up-selling tool.

Channel managers can be a key and integrated component of a Central Reservation system

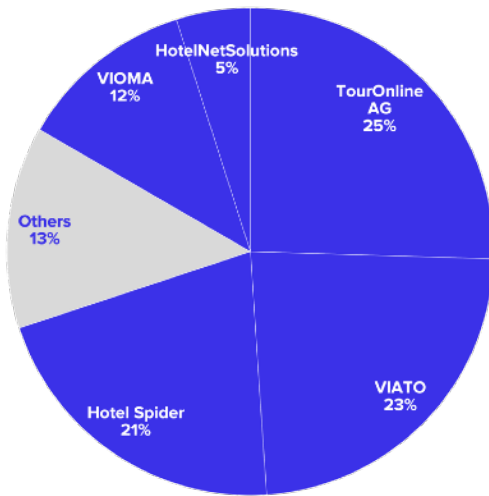
A CRS is a system that provides a central data repository to centrally manage and distribute the inventory of rooms, rates and reservations. It enables the central management of room rates and availability of hotels in a hotel group and distribution to various channels, such as a global distribution system (GDS), third party websites and brand.com. The CRS also handles telephone reservations and enquiries. Reservations made through these channels are returned to the CRS and then synchronised with the PMS of the relevant hotel.

Overall market penetration

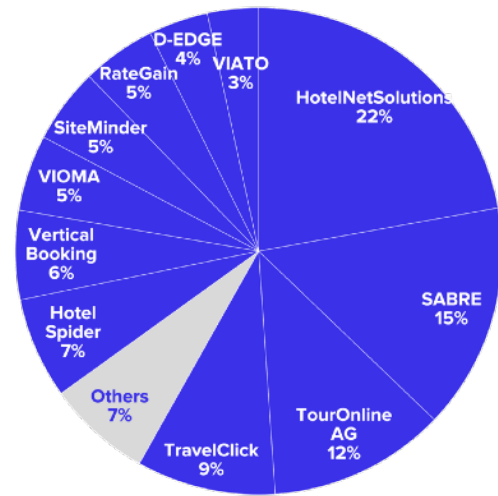


Small hotels vs. Large hotels market penetration

Small hotels



Large hotels



KEY FINDINGS

- The channel manager market, similarly to the PMS and the booking engine market, is highly fragmented with a strong footprint of German companies. This is especially the case for small properties where the complete market is dominated by DACH based vendors, because of local sales forces and market presence through events and associations. The only international vendors who penetrated the below small hotels market are SiteMinder and D-EDGE.
- The market penetration of vendors significantly varies between small and large properties, as it also does between independent versus chain.
- Viato, Dirs21, and Hotel Spider have the strongest overall market penetration. For Viato and Hotel Spider this is clearly driven by smaller properties. Dirs21’s adoption is mainly driven by independent hotels, however, with a mix of smaller and larger properties. As mentioned for channel managers, this could be due to some of the largest German hotel consortia (Romantik Hotels & Ringhotels) working with Dirs21 as their booking engine and therefore many hotels adopting Dirs21’s channel manager.

- Synxis from SABRE, HotelNetSolutions, and TravelClick have the strongest market penetration amongst chains. Synxis and Travelclick are typically bought for their CRS with the channel management functionalities and HotelNetSolutions for their multi-property booking engine.
- Most hotels work with the same vendor for their channel manager, as they do for their booking engine/CRS.
- Throughout our research we could identify a significant share of small properties up to 30 rooms in the countryside, only working with a channel manager to connect to OTA's. However, not offering a direct booking capability on their website via a booking engine.

In this viewpoint, we asked 5 solution providers to share their thoughts on key facts and future outlooks of distribution technology.



Antje Pflug
Head of Marketing
HotelNetSolutions

“Human decisions are based on emotions. Why waste time with standardized booking masks? An intuitive and emotional booking experience is the basis of every direct booking success. Moving images, coloring, narrative guest address, rain of confetti... There are no limits. Be exactly as you want to be - it is your booking mask. An important part of your brand appearance. It's all about interfaces. Rely on an efficient system control and let automatisms work for you. Lean rate structures and intelligent revenue management strategies enable you to plan your resources sensibly. This is the only way to remain competitive.”



Sascha Hausmann
Founder & CEO
BusyRooms

“Prior to, during, and even more so post the current pandemic within the hospitality industry there is a strong need for digitalization and technology. Hoteliers need to catch up and grasp exactly what technology they require to improve their current and future efficiencies, provide health & safety while still focusing on revenue. As centralization of data for deep analysis becomes increasingly more important, we hope to see suppliers opening up technology for better partnerships and integrations. Only when hotels are able to freely choose the provider they want to work with, without having concerns about the reliability of integrations or partnerships, will they be able to use their leading system to control the technology stack efficiently to easily access the right data. Suppliers need to strategically focus on a more collaborative approach and easier integrations to minimize the hurdles for technology implementations. Aside from gaining a more stable, streamlined, and scalable solution, hoteliers will initially benefit from reduced time spent on system research, implementation and training requirements. In the long term this approach will lead to increased focus on optimization rather than keeping the technology stack working. For both suppliers and hoteliers, the beneficial side effects are better relationships and services as well as significant reduction operation costs. What do we Suppliers need to do for that? Simple, primarily focus on our core competencies while still prioritizing cost-effective, stable, scalable, and flexible integrations. And the hoteliers? Well, they could finally do primarily what they are good at and love doing - being hosts”



Mike Ford
Founder & CEO
SiteMinder

“Through this report, we see that not all hotel technology is created equal. Within Germany, as in every part of the world, hoteliers, more than ever, need to think seriously about the technology that will see them through any business or economic climate. Security, scalability and reliability are not negotiable for hotels that want to succeed in a landscape that moves so fast. Too often, assessments are made based on price, alone. Beyond the fact that pricing models differ – for example, are you paying for a transparent subscription fee or are you locking yourself unnecessarily into a lengthy contract due to a false sense of promise? – it's absolutely critical that hotels never discount the value of useful, beautiful technology that takes complexity away for hoteliers. The future for hotels remains strong, but it will also demand more. We are in an era of insights and intelligence, of tightly-integrated technology, not fragmentation. Hoteliers who think beyond basic marketing and distribution, to making informed, data-driven decisions will ultimately stand the best chance to meet the demands of guests today and the years ahead.”



Jan Tissera
President International
TravelClick

“We have seen shifts in market performance as a result of COVID-19. In many markets, hoteliers seeing most of their business booked within a week of travel. Additionally, shifts in booking channel and segment mix are necessitating hotelier access to relevant and timely market insight to make strategic business decisions. Concern for sanitation and safety processes are a top traveller concern that hoteliers must address to ensure traveller confidence. We know that the Hospitality industry is resilient. It is above all, a people first industry, and always will be. As a technology provider, Amadeus has a unique role to play in supporting hotels as they adapt to changing traveller behaviours. Our goal is to support them with offerings to meet the next era of hospitality.”



Pierre-Charles Grob
CEO
D-EDGE

“Hotel distribution has been growing steadily in recent years, until the pandemic brought it to a halt, temporarily. But, independently of Covid, some basic trends should be highlighted: First, online distribution is developing faster than offline distribution, and this trend is to continue. Secondly, the online distribution landscape is becoming more complex, with always more players, acting according to different models, each with their own strengths and weaknesses. It is therefore essential that hoteliers keep abreast of these developments and the emergence of new players. They need to be very agile in choosing and activating their sales channels. More than ever, hotels must control and monitor their distribution, and technology is here to help, by bringing simplicity and allowing new fields of possibilities, at least that's the way we design our solutions at D-EDGE! To attract bookings today or to optimise margins tomorrow, what is showing essential is the control and intelligent use of your guest data. CRM, I mean real CRM, i.e. enabling data extraction from the different systems used by the hotels, cleansing capabilities to eliminate duplicates, and segmentation with all the data protection capabilities (GDPR), is probably the area where most hotels should consider investing in.”



Hotelhero

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Vendor	Hotels	Owner	Value	End Date
#MEWS	3 hotels	Peter	€5000	04/02/2020
duetto	3 hotels	Mike	€2500	20/03/2020
Oaky	1 hotel	Mike	€3450	14/05/2020
Sabre	3 hotels	Mike	€1200	12/06/2020

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REVENUE MANAGEMENT SYSTEM

A revenue management system (RMS), also sometimes referred to as yield management software, is a tool that helps to analyze, automate, and optimize a hotel's pricing strategy in-real-time to increase revenue and ultimately profitability. The overall objective being in line with the basic principle of revenue management: offering the right product to the right customer at the right time for the right price on the right channel. By evaluating available data (of i.e. supply and demand, historical and market data) a RMS provides and implements pricing recommendations for various room types, segments and channels. Recently, RMS providers have moved from on-premise to cloud-based applications that are delivered as Software as a Service, meaning that algorithms are constantly improved based on thousands of aggregated data points collected by vendors.

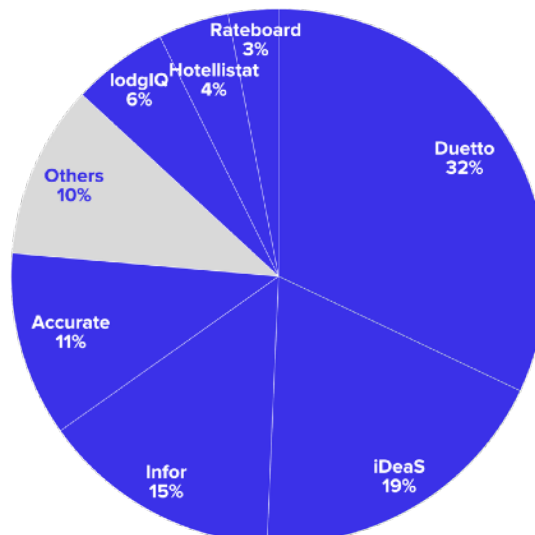
The status quo of RMS functionalities encompasses multiple aspects to look out for. Open pricing, introduced in recent years, is the ability for the system to price room types and channels independently, rather than based on a fixed best available rate (BAR). Custom reporting, on the other hand, is the capacity to build, export and share reports to conduct accurate analysis as

well as forecasts and budgets. With the rise of data visualization tools, people and more importantly hoteliers are getting used to reading data in a more compelling way. Therefore, having the ability to go from tabular reports to visual graphs is a must in order to take actions more rapidly. Automated displacement analyses are also critical to hotels for which group bookings represent a high portion of their revenue.

A RMS is usually interfaced 2-ways with the PMS, channel manager or CRS in order to pull reservation data and recompute optimal rates to push them back on all channels.

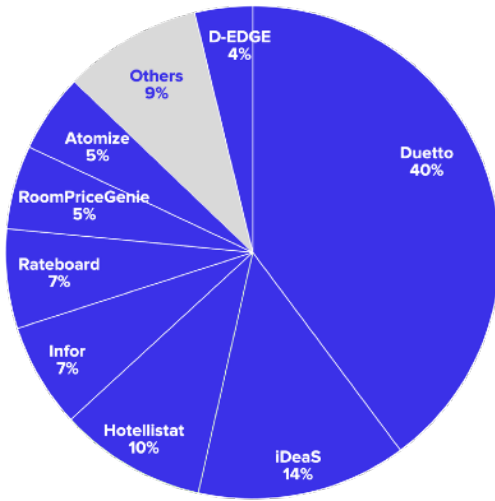
According to a recent study by HSMA Deutschland e.V. Revenue Management board, a RMS adds value to hotels with more than 20 rooms. Hotels with less than 20 rooms should carefully consider if the effort to set up and implement a RMS provides a real ROI ([go to RMS guide](#)).

Overall market penetration

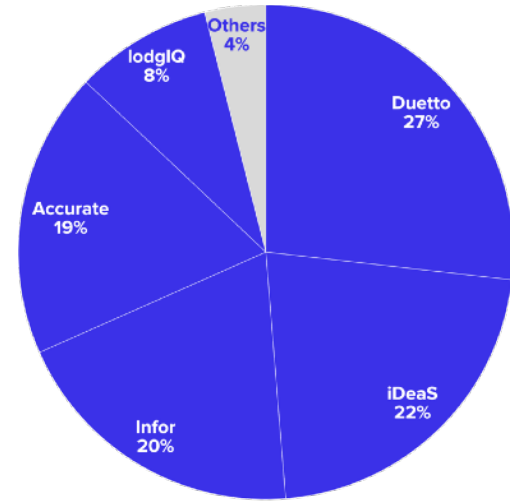


Independent hotels vs. Chain hotels market penetration

Independent hotels



Chain hotels



KEY FINDINGS

- The revenue management system market is split-up in two main categories. The international and “fully-fledged” RMS solutions like iDeaS, Duetto and Infor and the “leaner” solutions like Hotellistat, Rateboard, RoomPriceGenie, Atomize or BEONPRICE. The “fully-fledged” RMS vendors cater mainly to hotel chains and larger independent properties, as the “leaner” vendors mainly focus on the long-tail independent market.
- The adoption rate of a revenue management system also differs a lot between small and large independent properties, as well as independent or chains. In hotel chains we see an adoption rate of over 70%, for independent hotels with 70+ rooms at around 40%. Smaller properties and hotels in leisure destinations still tend to work with Excel or fixed price lists. We can see a shift here with many new lean RMS providers coming to market.
- Nearly 70% of hotels linked to a German hotel group work with either Duetto, iDeaS and Infor’s EZrms. Accurate has a high market penetration as they are implemented in one of Germany’s large chains, as a lean RMS solution.

- Due to the current situation many hotel chains are only using a fraction of the RMS capacities, as the price recommendations are not as accurate and many hotels are being closed. Some hotel chains like 25hours Hotels are taking advantage of the downturn to make the switch from one RMS to another one.

In this viewpoint, we asked 5 solution providers to share their thoughts on key facts and future outlooks of revenue management.



Klaus Kohlmayr
Chief Evangelist
IdeaS Revenue Solutions

“There's been some rumour going around lately. Some say historical data is now useless and forecasts are inaccurate. Some even say if revenue isn't coming in, you don't need revenue management to manage it or that there is no demand to revenue manage. But forward-looking hotel leaders understand revenue management is vital at all times—especially in times of uncertainty. In these difficult days for our industry, it's easy to only consider the short-term outlook, but travel will resume, demand will return, and recovery will come, and hotels need to ensure they maximise on the returning demand when it does. Doing so effectively requires access to accurate data you can trust and science-based pricing decisions you can count on. Price optimisation, making informed decisions with confidence, efficient operations, evaluating group opportunities and, of course, competitive advantage are all critical to revenue management and should still be taken care of to maintain ‘business as usual’ so your hotel is ready for ‘business is back.’”



Michael Schäffner
Director DACH
Duetto

“The current events show once again that our industry can no longer rely on historical data. We as hotels and software vendors must do all we can to ensure that decisions are made on future-based data and demand, and not because “this has always been done this way” or the wrong forecast says so. But this also means that providers must integrate with each other and exchange data in a better and more efficient way. The role of a revenue strategy platform is to identify high-demand days early in order to maximise revenue on these peak dates. Likewise, systems/software should be used more effectively and the human factor should be reduced. Operational activities should be handled by the software, while the strategy remains with the human being and can be adjusted if necessary to respond to market events in real time. What we are talking about here is a healthy symbiosis between man and machine, which drives automation and allows it to be flexibly applied in the company.”



Matthias Trenkwaller
Co-founder & Managing Director
Rateboard

“Not only has the booking behaviour of guests changed in recent years, but booking cycles are also strongly affected by an increasing volatility. Bookings are being made at ever shorter notice and cancellation policies must be as gradual as possible. The current situation reinforces this phenomenon and will have a lasting impact on pricing and revenue management in the future. Never before has the use of a rigid price list been a greater obstacle than it is now. Seasons are becoming more and more blurred, so that in the leisure segment it is no longer possible to make a clear distinction between high, low and mid seasons, and in the city hotel segment it is no longer possible to plan precisely due to the lack of congress and trade fair schedules. Also with regard to the pandemic, no forecast can be made as to when and how quickly the upturn in tourism will start again. Immediate action is essential here for every hotel, as this is the only way to ensure competitiveness. The topic of dynamics and flexibility plays an essential role in the area of pricing, especially in the leisure hotel industry. Due to the fast moving market situation, independent data analysis is hardly possible due to the high complexity. The use of intelligent solutions is a fundamental prerequisite for meeting today's requirements. A key aspect in this context is the high quality processing of data - here RateBoard and its scientific team have a clear focus on the continuous improvement of algorithms.”



Rubén Sánchez
 Founder & CEO
 BEONPRICE

We believe that an RMS provider should ensure two things right now. First, adaptation of both the functionalities and the algorithm is crucial. We need to move away from history-based information sources and towards future-oriented information sources to predict demand. At the same time, an RMS needs to be able to take into account human input much more than before. Political decisions are impossible to foresee for algorithms, but they still need to be reflected in the tool so that the AI can properly work with the data it processes. Second, an RMS needs to address the new challenges the pandemic has brought along. The supply and demand ratio is off, and even with the market hopefully recovering soon, hotel organizations will need to increase their market share to survive. This means that an RMS not only needs to help capture the most profitable demand, but to clearly identify guests' willingness to pay for a certain quality. Matching guests' expectations of quality with the price they pay is the first requirement to retain a guest for future stays. With regards to reduced travel volume, guest retention will be one of the keys to increasing market share, and revenue management technology should help to find the optimal positioning in a new market environment to support this.



Alexander Edström
 CEO
 Atomize

"Today's markets are highly unpredictable and sudden market shifts have become the new reality. The importance of real time has never been greater. For hotels to make the most of unpredicted market shifts, real-time price optimization is a must. Through real-time price optimization hotels will benefit even from the smallest changes in the market to attract more bookings at optimal rates. We quickly realized the need to adapt Atomize to the new reality. It immediately became clear that the need for real-time capacity had become stronger than ever. It's the only feature that helps hoteliers react to sudden demand bursts that can't be foreseen now that historical patterns aren't useful anymore. Historical reference points don't offer the guidance they once did. Hotel forecasting is extremely challenging in these times, however looking into the future and planning for it has never been more important. Revenue managers must focus more on current and forward-looking data to predict demand and adjust pricing at the right time. Understanding true demand data in the future, like for example intent to travel data will allow revenue managers to create realistic forecasts which no longer will be based on historical on-the-books data. The key to success for today's hoteliers will demand a proactive, data-driven approach supported by innovative tech tools and top-of-funnel demand information. The hotel landscape has been completely re-written and hotels are operating in a new reality with fewer staff resources. To handle the operations, hoteliers need to embrace automation. Hoteliers are reassessing their solutions and are looking for product offering that translates well to hotel groups' new reality. The industry will continue to see an increased need for automation and ease of use. The winners will be vendors that show modern sophisticated tech solutions don't have to be complex and expensive to operate."

RATESHOPPING & MARKET INTELLIGENCE

Rate shoppers and market intelligence tools enables hoteliers to closely monitor the market on a variety of aggregated data points. The historical focus of such systems is to provide revenue managers and decision makers with competitors pricing data and accurate demand forecasts. Ultimately, their goal is to support hotels in adjusting their pricing and revenue management strategy.

Common functionalities include precise aggregation of a hotel's competitive set's pricing by room and rate types for specific dates, the ability to create customer dashboards based on in-house best practices and needs, demand forecasts in real-time, local events and other seasonal occurrences tracking as well as weather conditions that could potentially impact overall market demand. Recently, these tools have also started analysed rate parity to help hoteliers track irregularities across their distribution landscape.

When it comes to interfaces, rate shopping and market intelligence tools, require a certain amount in order to provide an accurate picture of the market. These systems need to pull data from macro-market data suppliers and benchmarking data from specialised companies. For hotel-specific data, these tools demand an interface to the PMS or channel manager in order to get real-time rates and to revenue management systems in order to push latest market changes. Recently, some rate shopping tools have started integrating to up-selling tools for hotels to dynamically adapt room upgrade prices based on market demand.

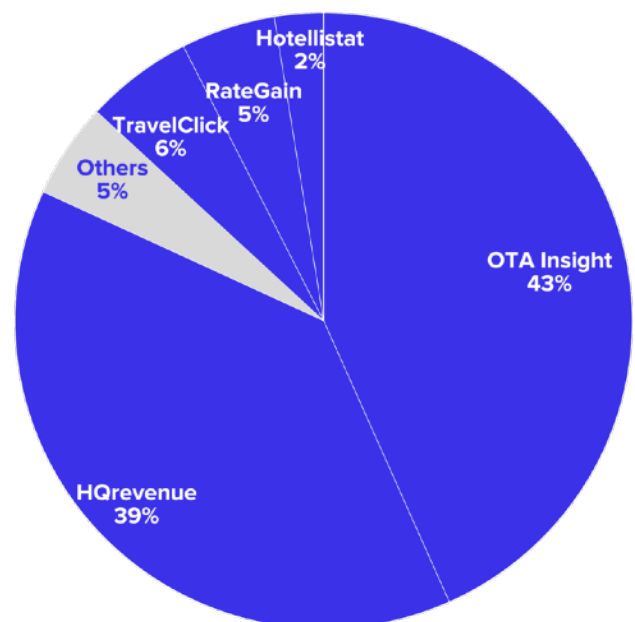
KEY FINDINGS

- Market intelligence & rate shopping solutions are also a product category which is mainly driven by hotel groups with an adoption rate of around 80%. This is very different in the independent market as the widespread adoption has not been achieved yet. However, many revenue management solutions have an

integration with market intelligence tools and therefore hotels use data from vendors like HQrevenue and OTA Insight without the hotel knowing it.

- OTA Insight and HQrevenue have a market penetration of over 80% with a nearly even split between each other.
- Most revenue management teams use these in combination with their revenue management system. However some hotel groups only use a market intelligence and rate shopping tool for their limited service brands without the RMS. This category has become even more important in these unprecedented times due to the current lack of relevance for historical data and the rising importance to have instant insights on new market developments.

Overall market penetration



In this viewpoint, we asked 2 solution providers to share their thoughts on key facts and future outlooks of rate shopping and market intelligence tools.



Michail Tzouvelekis
Director of Global Marketing
Fornova

“Revenue managers can use several different analytical tools during their working day, from Excel spreadsheets or BI dashboards, to a rate shopper or even an AI-assisted RMS. The trend is for such applications to integrate or combine together, so users only need to log in once, e.g. the solutions comprising Fornova’s Hotel Business Intelligence suite. Some people have recently discovered that intent data (e.g. Google trends, flight data, browsing history on travel sites) can predict travel demand. This is not news, as it’s been written about since at least 2013. But until all of us are vaccinated against COVID-19, so for another 6-12 months, online searches may reveal aspirations and daydreams rather than actual intent. An essential feature of any good Competitive Intelligence solution today? Competitive Visibility, because unless your property is ranking in the first page of Booking or Expedia or Google, it does not matter how good your pricing is – nobody will see it. And for when international travel resumes, given that hotels and OTAs list different rates across various countries, I believe the innovation we introduced with FornovaCI will continue to be copied: customizable Point of Sale (POS) selection, so revenue managers can change source country and comp set at will, to evaluate a property’s competitiveness against the appropriate competitor rates that any feeder market actually sees.”



Gino Engels
Co-founder & CCO
OTA Insight

“As hoteliers engage in the budgeting process for 2021, one thing that’s clear is that demand and financial projections for the months ahead are anything but clear. What hoteliers once relied on to produce an accurate budget and capture demand – historical data, pace and pick-up, are all less useful in this incredibly dynamic time. To gain visibility into future demand, hoteliers are relying even more now on real-time forward looking competitor pricing and availability data across all their online channels. We are humbled to be working with more than 55,000 properties across the globe and in order for us all to succeed in this new reality, we will need different tools and data sets, and it’s our role as technology vendors to offer these solutions and equip our partners so they can run a successful business. Testament to the resilience and adaptability of these hoteliers we are witnessing a transition throughout the industry from using historical data to analysing new, top-of-funnel data sets with deeper insights into traveler intent. Fortunately, there is no shortage of data available to help hoteliers make business decisions. In fact, new sets of data based on real forward-looking insights are helping hoteliers understand traveler decisions earlier in the journey, before they’ve decided where to go and what type of accommodations best suit their needs. By starting with top-of-funnel data and then building a strategy around capturing those guests, tweaking promotions and measuring conversion, hoteliers can ensure they’re capturing a fair share of whatever demand might be coming into the market today, as well as preparing for demand spikes when they inevitably return.”

VOUCHER MANAGEMENT SYSTEM

A voucher management system is a software to create and manage prepaid vouchers, online and/ or physical gift-cards, arrangements, discount codes and deals.

Features include the creation and customization of vouchers and wallet design, supporting the hotel’s branding and company identity, multiple currencies and languages (guest-facing) support, automated promotion options across multiple channels, voucher and ticket management and performance reporting, secure online payments, and the ability to manage availability and restriction dates.

Next to instant email, digital vouchers, and reloadable voucher cards, some systems also offer physical vouchers and gift cards.

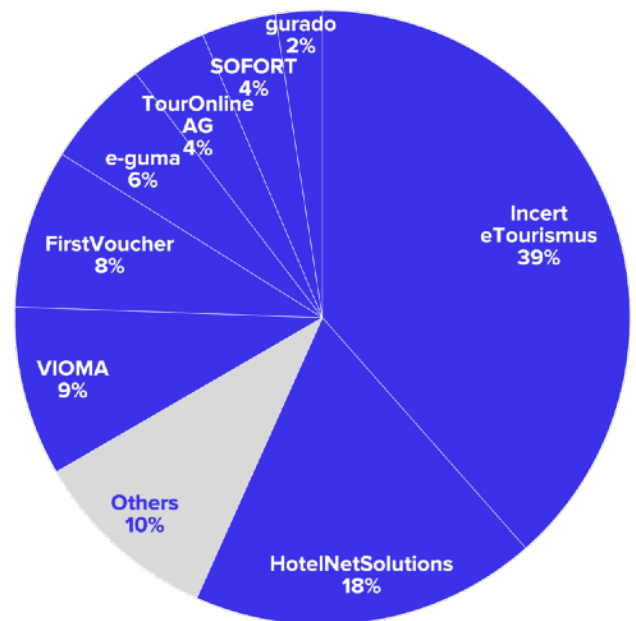
A voucher management tool integrates with the hotel’s website CMS and other sales channels of the hotel (i.e. the in-room tablet, or hotel app), the PMS and point of sale system, the payment service provider and ideally, the hotel’s booking engine.

KEY FINDINGS

- Over 20% of analysed German hotels work with a dedicated software to manage their voucher business. It is definitely amongst the top 3 systems which have been adopted by hotels in 2020, as it allows hotels to digitally generate sales without it being linked to the current availability and ensures future growth.
- The market leader in Germany is incert eTourismus with over 40% of the market share and leading the market for both independent and chain properties.
- HotelNetSolutions is second in this category with around 20% market penetration. HotelNetSolutions upsells their voucher management as an add-on to their booking engine clients.

- VIOMA has a similar strategy and offers this as part of their distribution suite.
- Throughout the independent hotel market you can find a variety of voucher management solutions by both industry-specific and agnostic vendors.
- e-Guma who is the market leader in Switzerland only has around 10% market penetration in the German independent hotel market.
- Vendors like Dirs21, The Hotels Network have introduced new voucher management solutions this year as a response to the current market situation, and have gained rapid market adoption.

Overall market penetration



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CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

A customer relationship management software (CRM) allows to manage and store guest data and information, to initiate, build, nurture, track, manage and grow relationship with existing and potential hotel guests. In both B2C and B2B, CRMs allow hoteliers to identify sales opportunities, record and manage customer service issues and manage marketing campaigns, all in one central location. Currently there are various types of CRM tools available, those developed specifically for the hotel industry or those developed to work for various industries (such as Salesforce or Hubspot).

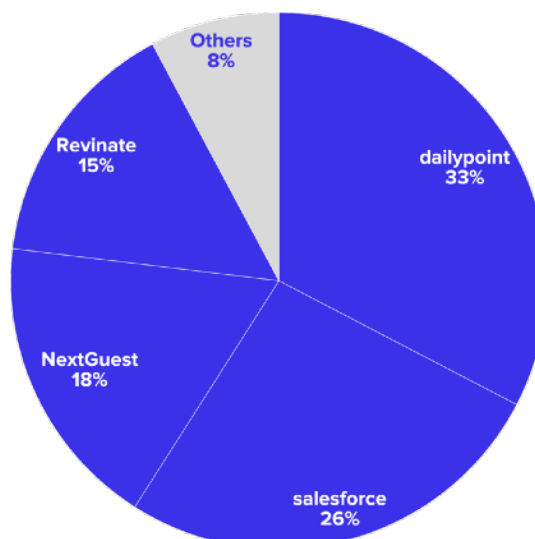
There is a distinction to be made between pure email marketing tools and guest data management platforms. Email marketing tools focus heavily on customer relationship marketing (newsletter marketing campaigns), meaning they enable segmented and personalised email campaigns based on contact properties established by the hotelier as well as automated emails triggered depending on the stage in the guest journey. Guest data platforms, on the other hand, go one step further and they are usually built specifically for hotels. The main difference to email marketing tools is that they centralise all the data from various other systems (PMS, guest app,

staff collaboration tools, online reputation management platforms) to build one centralised guest profile. They also include data cleansing and “match & merge” functionalities to reduce duplicate guest profiles. These central guest profiles allow for further personalisation and operational excellence by knowing more about each guest, notably their historical spending habits or the satisfaction level of previous stays.

From a functionality standpoint, another distinction to be made is that some solutions provide pure B2C features and some also manage B2B sales (getting closer to a sales & catering solution) by providing lead funnel management, quoting automation, room blocks for groups and banquet event orders.

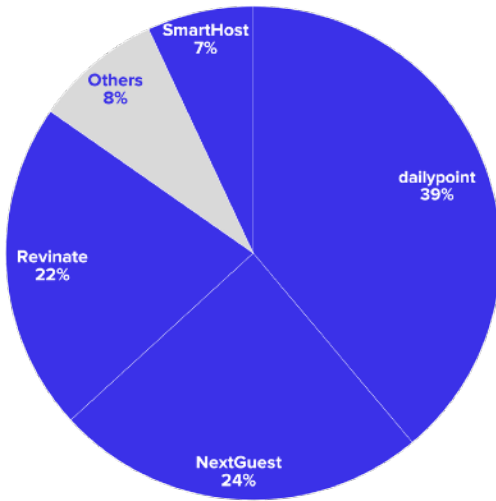
A CRM is interfaced at least 1-way to the PMS and 2-ways in some cases to update guest profiles and preferences in the PMS. It can also be interfaced to up-selling tools, guest apps, online reputation management tools or even staff collaboration tools to match guests’ historical issues to their profile.

Overall market penetration

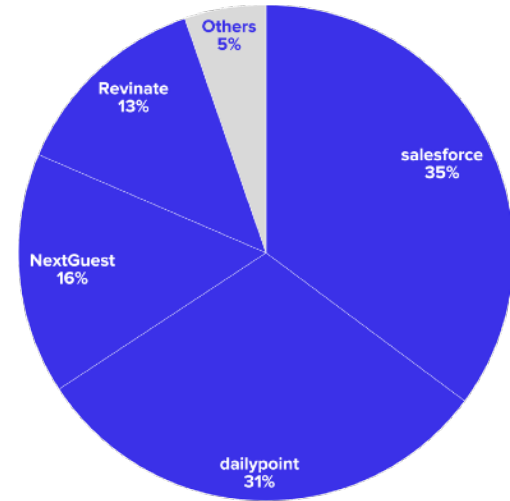


Independent hotels vs. Chain hotels market penetration

Independent hotels



Chain hotels



KEY FINDINGS

- The importance of a CRM in a hotel’s tech stack is one of the most talked about topics in the industry. However, this is not reflected in the adoption of hotels. The CRM only has a general market penetration of around 10% for hotels with more than 50 rooms. For hotels which are part of a group this is significantly higher at around 60%. To date, a very small amount of small independent properties work with a CRM.
- Similarly to the RMS market, the CRM market is also split up in lean and more comprehensive solutions. The lean CRM solutions focus on customer segmentation and email marketing which is most relevant for small to medium-sized hotels. Larger independent properties and hotels linked to a chain typically work with more comprehensive CRM and data management platforms. This is also reflected in the market penetration data.
- dailypoint is the overall CRM market leader with a strong presence in the chain, as well as the independent market.
- Salesforce, maybe for some a surprise, is in second position when it comes to market penetration on the German hotel market. This

is due to some German hotel chains like Maritim and H-Hotels.com using Salesforce as their CRM.

- Revinate and NextGuest both have around 15% market penetration in Germany, with a stronger positioning in the independent market than the chain market.

In this viewpoint, we asked 4 solution providers to share their thoughts on key facts and future outlooks of customer relationship management systems.



Michaela Papenhoff
Managing Director
H2C GmbH

“CRM is close to every hotelier’s heart as CRM is the DNA of every hotel business. But structured CRM is so much bigger than what most of the hotels have implemented today. Although personalised services are on the road map of most hotel chains for many years, various problems continue to hinder a successful implementation. Spoilt by Amazon-like experiences, today’s consumers are awaiting similar services from hotels. Even though this is not a fair comparison, the pressure on hotels is continuously increasing. Especially during the pandemic, enhanced guest services have advanced from a nice-to-have feature in the past to a must have now. Providing services like personalised experiences is key to trustful guest communication and only works with the respective controlling actions in place. As technology evolves and CRM strategies become clearer to hotels, I am confident that the pace of personalised services implementation will accelerate within the next three years. CRM needs to take the leap from an email marketing campaign focus to the next level embracing operational, marketing and controlling actions.”



Tom Höfer
Managing Director
NextGuest

“Modern CRM solutions do not only reduce complexity for marketing or sales managers, but are becoming the most important assets for hotels as it is the only solution that can collect data from other systems, creating a complete picture of the whole business and can act as the single source of truth. The CRM helps hoteliers to understand their current guests and what guests they should focus on. To do this, the CRM platform needs an open, easy to integrate and certified guest data management platform (GDMP) that can support personalised touch-points through-out the whole guest journey that covers everything from new guest acquisition, websites, B2C marketing automation, transactional guest communication, B2B sales automation, loyalty programs, portals and analytics. Analytics dashboards support hoteliers to easily pinpoint issues, identify the root cause, and take action to mitigate any problems without breaking the workflow. To stay competitive and to manage the current pandemic, it is important to make use of automation & intelligence. The GDMP allows you to put the data collected into context via dashboards and turn it into information, allowing the CRM to execute automatic actions, such as sending out campaigns based on guest behaviour scores. The score-based campaigns reduce the workload and complexity for the marketing team while ensuring that guests are receiving the right highly personalised offer at the right time via the right channel and increases conversions and direct revenue.”



Dr. Michael Toedt

Co-founder & Managing Director
dailypoint

"CRM has a very broad spectrum and is often misinterpreted in the hotel industry. For a majority of managers CRM is purely a marketing respectively newsletter system. But a real CRM is by far more, it is a Customer Relationship Management or in better words a Data Management Platform. In a modern landscape it replaces the PMS as the leading system! This is maybe the biggest paradigm shift of Hotel IT since the introduction of the first PMS systems in the 1980s. The main task of a real CRM is to create and manage the central guest profile which is the key element for almost everything when it comes to digitalisation. Deep guest insights are the prerequisite for a deep individualisation throughout the customer journey. State of the art approaches like attributed pricing, dynamic websites, content marketing, service improvements or better guest recognition, complaint management, loyalty – the success is directly linked to the ability of a company to keep and manage a central profile. Therefore, the key functionality of a CRM is to collect and automatically clean data from multiple sources and then push the clean data back to all connected systems. A manual interaction is totally inappropriate in our Big Data world and an absolute no-go. Based on the clean profile AI (Artificial Intelligence) is needed go through the massive amount of data, in order to create interests and deep guest insights. The central profile is the holy grail of a modern IT-strategy and the sooner hoteliers understand the necessary shift, the better it is for the economic outcome."



Patrick Oldenburg

Director of Business Development
Revinate

"Over the last years, hoteliers started to invest in services that they can rely on to further strengthen their repeat and direct business. Managing guests vs rooms have become the center of their attention. To do this well they need to have a clean, accurate, secure, and easily actionable guest database with data from their PMS, website, and other sources all merged in one central system. Covid has only accelerated this importance, as hoteliers must use their own guest data to intelligently segment and target their most profitable customers. The urgency to connect directly and in a meaningful and personal way with their guests is essential to maintaining that close relationship. Being able to precisely target based on e.g. distance from the hotel, total spend, guest preference, or booking behaviour will enable hotels to successfully communicate with their guests. The opportunities for the hotel are plentiful; increasing guest satisfaction, loyalty, and improving revenue and profitability. And there is no better time than now to start benefiting from the most valuable asset hoteliers have; guest data."

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UPSELLING PLATFORMS

Up-selling platforms allow for strategic and segmented up-selling of ancillary products and services to hotel guests. Either after a guest's hotel room booking and before their arrival, or during their stay by giving them access to a platform promoting various, personalised options such as room upgrades or specific services such as rental bikes, a spa treatment or a restaurant reservation. Ultimately this can lead to incremental revenues generated for the hotel and a better guest experience created for the guest, thanks to personalised offerings of a relevant product at a right time.

From a functionality standpoint, these tools generally allow for segmented offers based on guests' and booking data such as nationality, age, booking channel or room type. Some platforms also include integrated prediction algorithms to help hoteliers send offers at the right time in order to maximise open and conversion rates. Finally, some tools on the market allow hotels to set a specific minimum price and propose guests to bid on their desired room upgrade. Through this gamification, conversion rates generally increase.

An up-selling software connects with the PMS of the hotel, but can also integrate with channel managers and 3rd party booking sites (such as Booking.com), as well as, ideally, with the hotel's CRM system. Beneficial is also an integration with the hotel's staff collaborations software to streamline operational aspects of the up-selling initiatives by creating specific tasks for certain types of up-sells. Some providers have started to integrate with rate shoppers and market intelligence solutions to be able to offer dynamic price based up-selling.

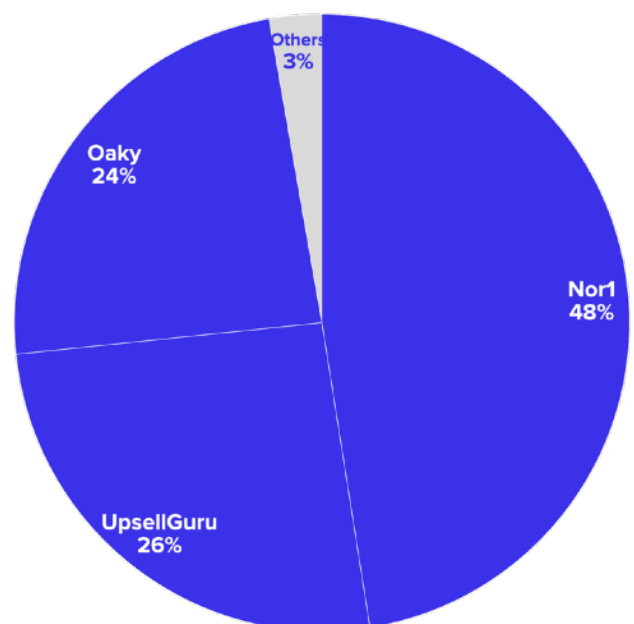
KEY FINDINGS

- Many hotels already do "digital" up-selling via their pre-stay email, but only a small share of around 3-4% of German hotels use a specialised solution to automate their pre-stay

up-selling.

- The market is dominated by three vendors: Nor1, UpsellGuru and Oaky. However, there are also CRM and guest communication tools who offer up-selling functionalities through their systems.
- Nor1 is the most established and internationally present up-selling company and is leading the market, driven by hotel groups using them throughout their portfolio. UpsellGuru and Oaky have rapidly grown over the past couple of years.
- UpsellGuru and Oaky are at a very similar market penetration of around 25% in this category with both working with a rising number of chains. UpsellGuru represents a wider share of the independent hotel segment.
- Based on Hotelhero's research, we believe that most small hotels (with less than 50 rooms) do not seem to perceive the potential ROI or to have the "product champion" to run the tool. The data shows, only a handful of small hotels work with a specific up-selling solution.

Overall market penetration



In this viewpoint, we asked 3 solution providers to share their thoughts on key facts and future outlooks of up-selling.



Valyn Perini

VP Partnerships & Marketing

Nor1

“With many hoteliers forced to reduce product and service offerings, and coping with lower staffing, it may seem that incremental revenue programs – such as up-selling – are a luxury for better times. But the guest request for an upgrade is as old as the hotel industry itself, and that is true even now. Nor1, the global leader in hospitality upgrade, up-sell, and merchandising technology, has accumulated the largest set of guest/buyer behaviour data in the hotel industry, including demand data. Comparing guest demand for paid up-sells from the last quarter of 2019 to the last quarter to date of 2020, our data show click-through rate on eStandby Upgrade calls-to-action up 6%; guest requests for up-sell offers is up almost 14%; and average price per night of those up-sell requests has increased 7%. How can hoteliers take advantage of this demand? Focus on up-selling revenue, even during low occupancy and low demand.”



Karl Schmidtner

Co-founder & Managing Director

UpsellGuru

“Upselling is probably the easiest way to generate additional revenue, because it is much easier to sell to an existing customer than to win a new customer for my product. Unfortunately, the hotel industry is lagging behind other industries in this field where up-selling accounts for a significant part of total sales. A targeted up-sell strategy and the use of an up-selling system not only increases up-sell sales before arrival, but also has a positive effect on additional sales from the front office team, as the guest is already informed about the offer on arrival. Through UpsellGuru, the guest has the opportunity to bid on a higher room category before arrival and can book additional services for the stay. Offering on upgrades is already an established method with many airlines and the success with our partner hotels shows that this also works very well in the hotel industry.”



Erik Tengen

Co-founder, Sales & Partnerships

Oaky

“The commonality of the most successful hotels when it comes to up-selling is that they figured out clever ways to maximise guest spend through creativity, leveraging guest data, and their hotel’s capabilities. Typically, these clever ways are: debundling or attribute-based selling, dynamic pricing, and up-selling across multiple guest touch-points. Debundling is to take attributes of your rooms, for example, sea view, and create a room type that may not exist in the PMS but can be sold as a sea view room. Dynamic pricing is new within up-selling and was launched this year by Oaky, making static prices a thing of the past. It ensures that your up-sell prices are aligned to your room type strategy and drives additional revenue without the need to invest hours of manual adjustments as all room upgrade prices adjust automatically according to room rate variation. Finally, even while offering valuable offers at optimal prices, it’s important to understand every guest and communicate on their preferred channel. Across the full guest journey, there are lots of opportunities to actively add value to the guest experience. This is done by using an up-sell platform that can connect with omnichannel solutions, chatbots, booking engines or OTAs so that you can sell the right deal to the right guest at the right time.”

CHATBOTS

Chatbots, sometimes referred to as chatterbots or bots, are software applications that enable automated conversations through messaging interfaces such as a live chat on a hotel's website, Facebook Messenger, WhatsApp, WeChat, or other instant communication channels.

Chatbots currently support 3 main use cases. The first one is to increase operational efficiency. While every guest is unique, most of their questions & requests are repetitive and can be answered by automated replies. Chatbots act as a filter so that only the questions that require human attention will be escalated to staff. The second use case is driving direct sales. The conversation format makes it easy for customers to get the information they seek but it also enables the chatbot to capture customer details, travel dates or special wishes. The third use case is fulfilling customer expectations, static content becoming less and less relevant to mobile customers. Chatbots offer instant access to relevant information.

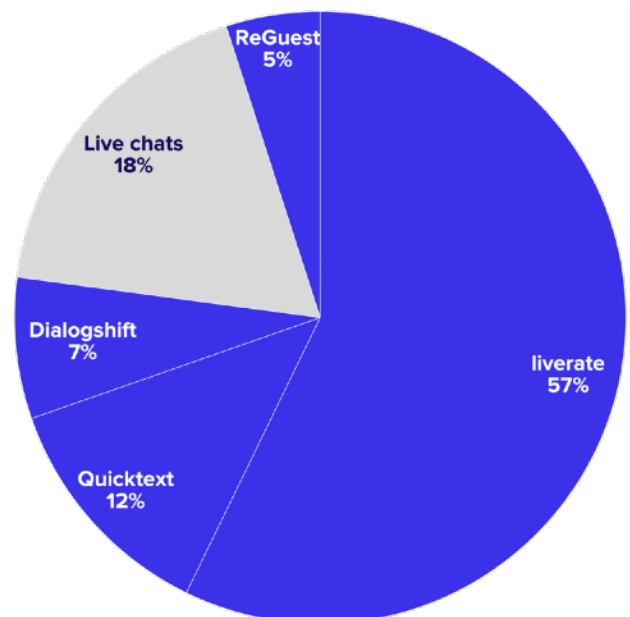
There is a distinction to be made between simple chatbots (rule-based) which match user questions with predefined answers, and advanced chatbots that use artificial intelligence to expand knowledge and capabilities over time by learning through interactions with users. The best chatbots use a combination of intent detection and machine learning, with escalation to live agents if they do not understand or do not yet have the knowledge to handle a query.

Depending on the required use cases, chatbots need to be interfaced "2-ways" to various systems. If a hotel wants to provide booking request directly in its chatbot, it needs to connect to the PMS to have live availability and to the booking engine to push the guest into the booking funnel. It can also connect it to task management systems so that the chatbot can send instructions directly to the staff without passing by the front desk.

KEY FINDINGS

- Chat & chatbots are not yet widely adopted on the German hotel market at around 2% adoption to date.
- Germany is well behind France in this perspective where around 8% of French hotels work with an online chat or chatbot on their website.
- At first sight, it is surprising to find a chatbot more frequently on an independent hotel website than a chain. However, it is much more complicated and resource intensive to set-up a chatbot which works for 20+ hotels than for one. Through our chains interviews, many executives shared that most pilot projects had failed to convince.
- This market is mainly led by startups like inflow (formerly LiveRate), Dialogshift and Quicktext.
- We can expect the general adoption of chatbots to increase significantly over the next few years.

Overall market penetration

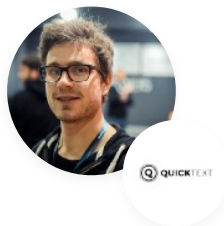


In this viewpoint, we asked 3 solution providers to share their thoughts on key facts and future outlooks of chatbots.



Olga Heuser
Co-founder & CEO
DialogShift

“No other technology has changed the way we communicate with customers in the past 10 years as much as Conversational AI. Chatbots enable more communication, faster communication and unique service experiences - while reducing customer service costs through automation. Chatbots have the ability to answer multiple guests 24/7/365 on multiple channels in multiple languages at the same time. Guests do not have to search for information, they do not have to wait. Personal service is not being replaced, but supported because employees have more time for meaningful interactions. Chatbots also help to increase direct bookings on the hotel website by ensuring availability for booking requests or booking-related questions around the clock, communicating the unique aspects and personality of the hotel and establishing a direct relationship with guests. Research has shown that it makes no difference to guests whether they chat with a chatbot or a person - what matters is direct communication. Every fourth company in Germany now uses a chatbot for customer communication. Adoption for this technology is growing rapidly not only among users but also among companies. History has shown us that technology that has made our lives easier has prevailed. Therefore, I am convinced that in 10 years every service oriented company will have chatbots in place.”



Benjamin Devisme
VP of Sales
Quicktext

“In the 2000’s the DNA of e-commerce was search powered by desktop computers, in the 2020’s the DNA of e-commerce is interaction powered by smartphones. Ignoring this trend is like ignoring websites in the 2000’s. Hotels must learn to operate on smaller teams and chatbots can massively reduce the workload at the front desk by automatically answering most customer queries. We’ve seen that, today, our chatbot only escalates 20% of conversation to staff as it has become excellent at answering questions. The next challenge is how do you get them to do more? Increasing operational efficiency seems like the logical step by managing repetitive processes such as room reservation, room upgrades or selling an early check-in. The future of chatbots is to become a virtual co-worker that augment the team’s capacity.”



Roy Friedman
Founder & CEO
EasyWay Technologies

The most prominent trends are contactless technology and personalization. Making contactless communication both warm and welcoming is the first huge step towards envisioning the future of guest-facing technology; which we believe is the way forward towards a very bright future. With this tech and their own natural compassion and warmth, hotel staff will be able to know their guests and approach them accordingly, catering to their particular desires and needs and customizing individual guest journeys from the moment they arrive until they head for home. This will include what language to address guests in, what channel they prefer to receive communications on, and what the guests’ needs are, so that each time one arises, it can be addressed effortlessly and automatically. Staff will have extra functionality, such as knowing if it’s the first time a guest is staying at this location, if they are a VIP guest, or even specific information like guests who are honeymooners, in town for a convention, or celebrating a birthday. Guests can check in, check out, and get their receipts at their leisure and through any method of contact they prefer. The so-called future of hospitality that many are pointing towards as the rebound the industry needs is already being provided by EasyWay in many hotels today.”

WEBSITE CONVERSION TOOLS

A website conversion tool, also referred to as a direct booking booster, is a tool that helps hotel marketers to increase conversion on the hotel's website and to drive direct reservations. It is an additional layer added to a hotel website's codebase.

By tracking website visitors' (and potential bookers) behaviour and data (i.e. search data, personal data etc.), the system aims at increasing conversions by personalized messages, urgency and scarcity notifications, offers and promotions through usually an automated live chat function or pop-up triggers. Users that leave the website without completing a booking are followed up with via emails with a reminder to book or with a personalized offer to motivate them to book direct. Through last search personalization users have the option to activate their previous search on the hotel's website without having to type in any dates or data again. Also, price comparison and, thereby, transparency provided by widgets are functionalities that aim at keeping the user on the website and driving conversion, as the user is not leaving the page to search on other channels for prices. Additional direct booking booster benefits (i.e. welcome drink, late-check-out etc.) can be showcased via the tool, as well as social proof information, by review summary from both social media and OTAs. Due to the tracking and collection of website user data and behaviour these tools can provide hoteliers with business intelligence reporting and e-commerce insights such as rate disparity.

Direct booking boosters are integrated with the booking engine and the hotel's website.

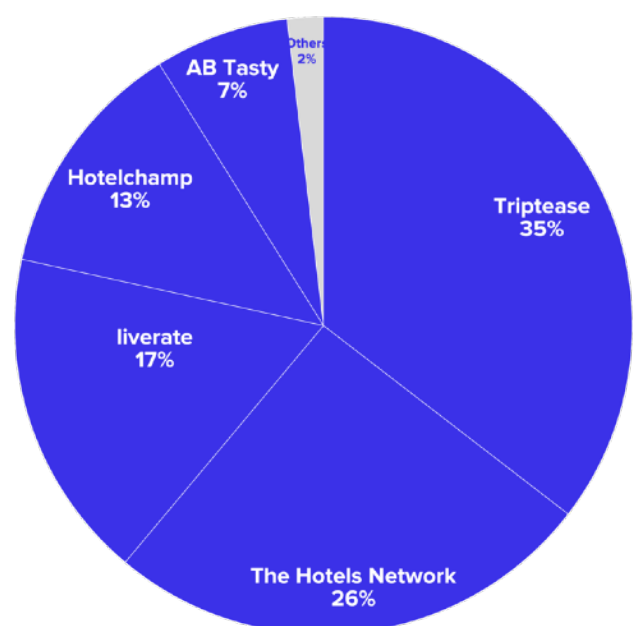
KEY FINDINGS

- According to Hotelhero's research the general market penetration of website conversion tools is at around 7-8% largely driven by hotel chains, however, a notably high number of 50+ room independent properties are also working with

one. This can be most likely linked back to the fact that "driving direct bookings" has been a leading subject throughout the industry for the last several years. This strong adoption also corresponds to the IHA, ÖHV and Roland Berger study from 2016, highlighting that hotels focus most on the booking phase throughout their digitalisation process.

- Triptease is the market leader in Germany with a bit less than 40% of the market share. Triptease is both represented in the independent and chain market with customers like Deutsche Hospitality, 25hours and Centro Hotels.
- The independent hotel market is led by The Hotels Network and inflow (formerly LiveRate). However, inflow nowadays focuses more on further development of its chatbot.
- AB Tasty, an industry-agnostic solution, is well-positioned in the chain market as H-Hotels.com works with them due to their deep connectivity with Salesforce allowing more personalisation.

Overall market penetration



ONLINE REPUTATION MANAGEMENT SYSTEM

An online reputation or review management system aggregates all guest reviews and ratings for a hotel from multiple online sources and allows hoteliers to manage, benchmark, analyze and respond to these reviews in one place. Especially for managing multi-property reviews centrally a review management system is helpful. These systems also support semantic text analysis, providing valuable insights enabling hotels to prioritise important issues or identify positive aspects by keywords.

Depending on each tool, functionalities can be solely centered around the analysis of reviews or can also participate in increased review and feedback collection by providing surveying features. The distinction between feedback and reviews lies in the fact that feedback is mainly for internal use at the hotel gathering in-stay feedback to avoid potential public negative reviews. Reviews on the other hand, are the fact of driving additional traffic to public sites through a tripadvisor review collection partner for example. Other functionalities included KPI reporting (average ratings, response rates, percentage of reviews responded to, etc.), website widget or social media integrations.

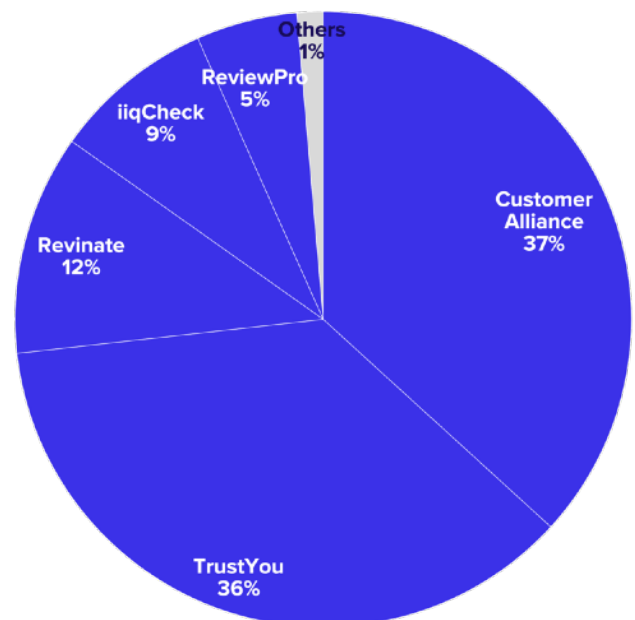
An online reputation tool can work as a standalone solution if it purely focuses on review analysis but is, in most cases, interfaced to the PMS to retrieve guest contact information in order to automatically send in-stay and post-stay emails. An interface to staff collaborations tools is useful to escalate negative feedback and issues to staff members for them to take action.

KEY FINDINGS

- The hotel reputation and review management market is quite straightforward with a couple solutions on the market. This category has an overall adoption rate of over 70% in hotels with 30 rooms or more.

- The two clear market leaders throughout the German hotel market are Customer Alliance and TRUSTYOU. Both are present in hotels with less or more than 50 rooms, independents as well as chains. Customer Alliance is a bit stronger in the independent and below than 50 room hotel market and TRUSTYOU for the 50+ room properties and throughout the chains.
- Revinate which is often known for their CRM has nearly 20% market penetration in the chain market with their e-reputation solution.
- iiQcheck's has a market penetration of nearly 18% in the independent market. This is mostly led by consortia partnerships amongst others Akzent Hotels.

Overall market penetration



ONLINE CHECK-IN & KIOSKS

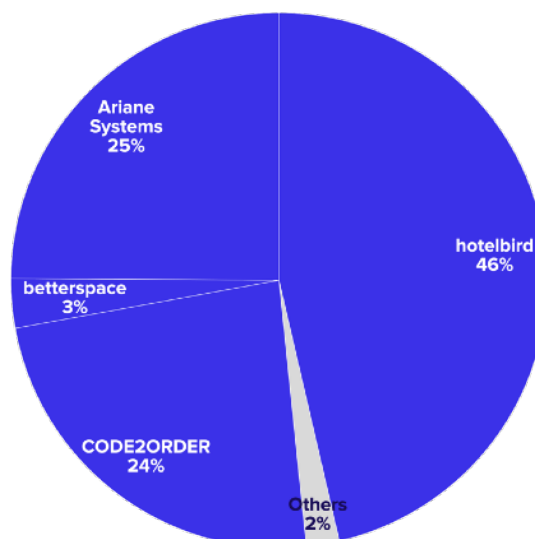
Online check-in solutions & check-in kiosks enable hotels to cater to the growing demand for self-service options from the modern guest. Whatever the delivery device, solutions which categorise themselves in online check-in & check-in kiosks are those covering the historical core steps defined in a hotel check-in and checkout. In its most classical sense, the check-in of a hotel is defined by the combination of capturing the registration form and signature on paper, invoice data, and the room key delivery. Since the long awaited amendment to the law on the Federal Registration act from January 1st 2020, allowing for digital registration, via Strong Customer Authentication (SCA) procedure via credit card or eID this process can be completely digitalized and automated. For the checkout process the combination of payment, invoice dispatch and key retrieval is required to be covered by the tool.

confused with fully automated check-in and out solutions which automate room key delivery and payment processing. Furthermore, it is important to verify if the online registration form providers or online check-in solutions offer a “in Germany” compliant handling of the registration form or if the registration form still needs to be printed and signed by the guest.

From the diverse systems landscape of a hotel, it can be deduced that such software providers offer greater value by ensuring extensive automation via so-called "2-way" interfaces. Only through this extensive integration can processes be mapped without manual tasks by employees. Therefore, required integrations for fully automated solutions include the PMS, door lock system and payment gateways.

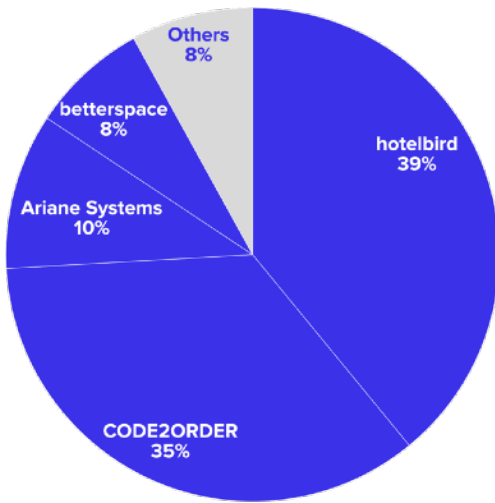
There is a distinction to be made between online registration form providers, Bring your Own Device (BYOD) check-in and out solutions and fixed kiosks at the reception. BYOD and kiosk solutions qualify for the full definition of the category whereas online registration form solutions only allow hoteliers to, incrementally, speed up the process at the front desk but are not to be

Overall market penetration

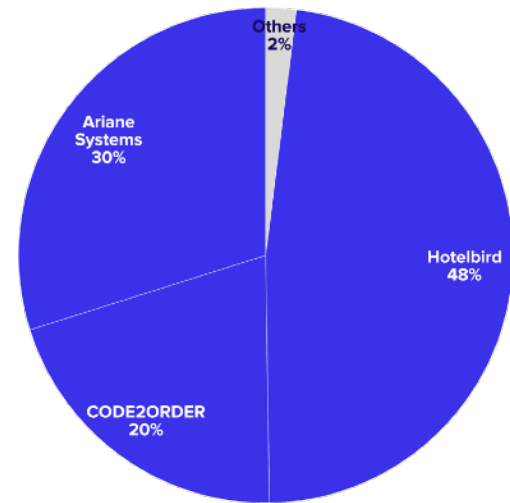


Independent hotels vs. Chain hotels market penetration

Independent hotels



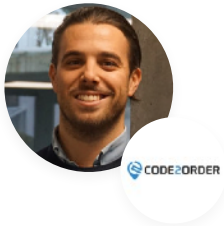
Chain hotels



KEY FINDINGS

- Digitizing the check-in and registration form has been a hot topic in Germany this year with the new regulation passing January and COVID-19 forcing most hotels to offer a contactless guest journey. Tools in this category have a market penetration of around 10% for hotels with more than 30 rooms. However, it is important to note that most of the tools do not offer a compliant and comprehensive solution to fully automate the check-in process, but most of them only help to streamline the data entry process of the registration form.
- German-based hotelbird is the market leader in this category with over 45% market penetration in total and over 40% for both independent, as well as chain properties. They offer a full check-in/-out process via app or kiosk.
- Ariane Systems, who is the global market leader in this category is positioned as the second largest vendor in Germany.
- CODE2ORDER, who are mainly known for their web application have launched their online check-in solution beginning of this year and have also experienced a rapid market penetration in 2020.
- Betterspace is also represented in the independent market with around 8%, but has not yet reached market adoption with check-in kiosks in the chain market.

In this viewpoint, we asked 3 solution providers to share their thoughts on key facts and future outlooks of self check-in.



Alexander Haußmann
Co-founder
[CODE2ORDER](#)

“Self check-in and self-service technology that focus on the needs of hotel guests as well as the improvement of processes in the hotel, are the way to go in the future. Seamless integrations of technologies are key as well as an automated process that enable a more flexible way of guest service along the entire guest journey. Also, contactless solutions that work with the guests own mobile devices will stay in high demand in the future, as hygiene and social distance are no short trends. Investing in the right solutions now will enable hotels to cut costs and automate processes in the future.”



Juan A. Sanmiguel
Founder & Managing Director
[Hotelbird](#)

“The modern entry into the new hotel experience begins for the guest with a contactless check-in, continues with the digital registration form and ends with the payment options. Employees are noticeably relieved and hotels save costs due to leaner processes. Practical examples show that the usage rates of customers with digital services increase significantly. This development has many positive aspects. Even though we are still at the beginning in the hotel industry, the signs of the times point to change. In the medium term, technology will increasingly fade into the background - the technical processes run unnoticed by guests, and only the helpful results that make their stay more pleasant are visible. In the retail industry, such processes have already been learned. In the area of online shopping, fast and convenient payment methods, personalized offers and additional services are already part of the daily routine. Digitization will change the hotel industry in the coming years, this development can no longer be stopped and Corona acts as an accelerator. The digitization of processes is no longer a nice-to-have, but has become a must-have. Now is the opportunity for change. Let's take it.”



Benjamin Köhler
Co-founder & CEO
[Betterspace](#)

“Obviously, the Corona crisis and its aftermath will keep the hotel industry and its suppliers busy for quite some time. But there is a light at the end of the tunnel. We are noticing that digitization in hotels has experienced a real boost. That brings enormous advantages for hoteliers, guests and the hotel staff. Especially the self check-in and also check-in terminals relieve the hotel staff considerably. The bureaucratic effort is minimized and errors in billing are almost completely eliminated. Additionally, no guest will have to wait in line at the reception and waste his valuable time. Also, especially in times of Corona, contact points are avoided and thus the risk of infection is reduced drastically. That builds trust. In the future, the self check-in will be a valuable addition to the existing service offerings of hoteliers and will play an important role far after Corona.”

STAFF COLLABORATION & HOUSEKEEPING TOOLS

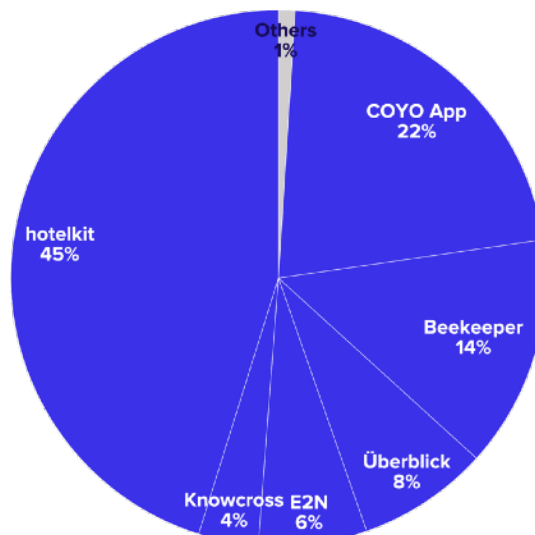
Employee communication & housekeeping tools are systems that enable hotel teams to collaborate on various departments of operations. Most commonly in the cloud, these applications allow for remote and easy accessibility for all co-workers either through a web app or a mobile app.

Integration to guest apps and in-room tablets as well as chats can be useful in order to create tasks for staff when a request is made by guests such as room service orders. Recently, these tools have seen new capabilities arise by interfacing to other system categories such as up-selling tools to create specific tasks within the tool.

Depending on the industry specialisation of the provider, tools can have certain distinctions when it comes to functionalities. Hotel-specific solutions are historically focused on housekeeping and maintenance departments, and therefore require live room status from the PMS in order to trigger specific auto-prioritisation tasks. Other functionalities are also found in cross-industry solutions. They included features such as segmented chats by department, logbooks, knowledge management capabilities to ease staff on-boarding and training, standardised checklists per SOP or issues escalation and task assignment to specific team members.

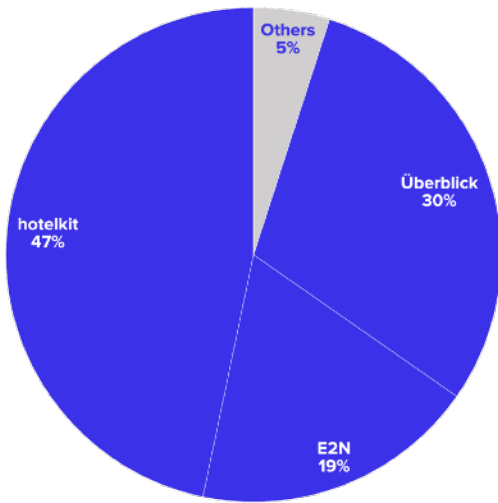
When it comes to interfaces, like previously mentioned, industry-specific solutions need data from the PMS in order to power specific functionalities. They can, in some cases, interface with online reputation tools to retrieve issues escalated by guests to be fixed. Finally, an

Overall market penetration

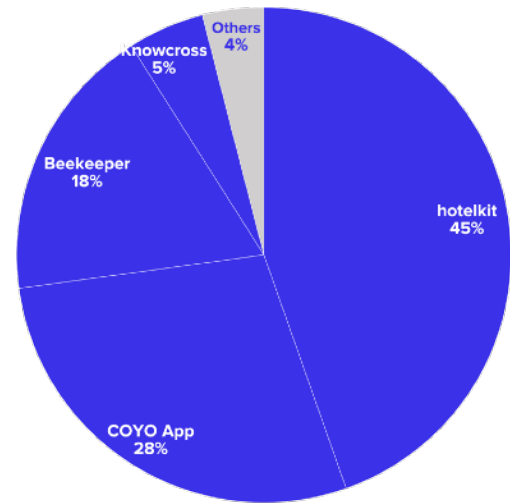


Independent hotels vs. Chain hotels market penetration

Independent hotels



Chain hotels



KEY FINDINGS

- Staff collaboration and task management solutions have a market penetration rate of around 11% in the 50+ rooms hotel market in Germany. With near to zero adoption for small independent properties.
The leading vendors on the independent hotels are hotelkit and Überblick.
- Coyo and Beekeeper which are industry agnostic solutions are well represented in the chain market with hotelkit leading this market too.
- Specific housekeeping and maintenance solutions like Knowcross are not very widely adopted throughout the German hotel market, as they focus on larger or luxury chain properties.

GUEST APPS & IN-ROOM TABLETS

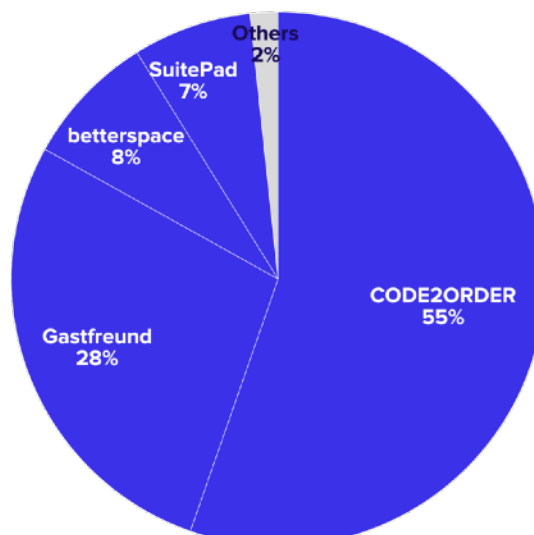
An application or app is a type of software that enables hotel guest to perform specific tasks. These apps can be accessed by download on distribution stores or by browsing a specific URL link. Downloaded apps are called mobile apps, while browser-based apps are referred to as web apps or PWA (progressive web apps). Generally, in-room tablets are provided with a propriety app built by the vendor with blocked access to settings and others apps within the operating system. Apps can improve the guest experience throughout the entire customer journey, by providing contactless services, as the guest can access all relevant information and processes via their own device or in-room tablet. Also, apps can improve hotel operations, thanks to streamlined workflows, improved communication processes and by that fast(er) resolution of guest requests. A branded hotel app can be a powerful marketing tool which helps hotels reach out to their audience helping create a close marketing group of highly engaged customers. Also apps can drive a hotel’s loyalty program.

Functionalities can be information-driven and task-driven. Mobile apps allow for a wider range of possibilities as they can leverage mobile devices’ integrated bluetooth, NFC or RFID data transfer technologies, whereas web apps can only make

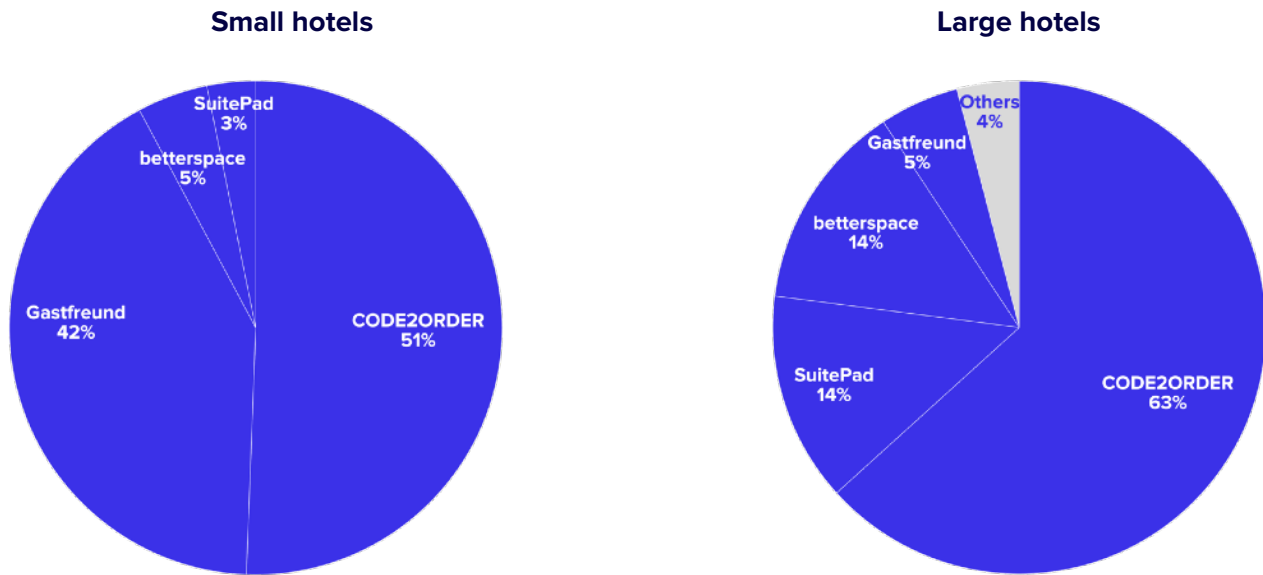
use of WIFI. Mobile apps’ common functionalities include the opportunity to provide a fully automated check-in & out experience, a digital hotel directory, in-room control features ((such as TV, AV, AC and light or curtain control), room-service ordering, activities booking or direct chat with the front desk. The same spectrum of features can be provided through an in-room tablet to the exception of digital room keys. Progressive web apps, on the other hand, are younger but they have grown in popularity, especially amongst independent hotels, as they do not require any download which was one of the obstacles to hotels adopting apps massively. Still, they allow for fewer functionalities than a mobile app as providers need to find other connectivity options. Digital keys, for example, are provided through WIFI instead of bluetooth, NFC or RFID.

Required interfaces vary based the desired features and depth of automation. An integration to point of systems will enable streamlined room-service ordering. A “2-way” interface to the PMS and payment processor will allow for automated room key delivery and checkout. In-room control is unlocked through an interface to HVAC systems and BMS systems. To push promotional deals an integration with the booking engine is needed.

Overall market penetration



Small hotels vs. Large hotels market penetration



KEY FINDINGS

- Over 30% of German hotels work with some sort of a digital guest directory either via a mobile app (or web-app), an in-room tablet or both. The adoption rate for independent hotels has significantly increased since the inception of the web app. A web app allows hotels to offer a digital guest directory without the guest needing to download a specific mobile app.
- Code2order has the strongest market penetration throughout the different hotel segments with a market penetration of 55%. This is due to a large and diverse customer base and being the first German vendor marketing the web-app technology to hotels.
- The adoption of web apps, among hotels with less than 50 rooms, is significantly higher than expected. The German providers Gastfreund and Code2Order have gained an impressive market penetration in this typically not very tech-driven segment of the industry.
- One of the reasons why web-apps are more widely adopted than tablets is the lower set-up and implementation cost.
- More than 35% of hotels linked to a hotel chain have a mobile app or tablet implemented. In some chains this app is not from a third-party

vendor but developed in-house or by an agency.

- SuitePad and Betterspace both offer in-room tablets as well as an app/web-app. But, for both the main selling point is the in-room tablet. Both have a strong independent hotel customer base and chain clients.

ABOUT



Hotelverband Deutschland (IHA) is the national trade association for the hotel industry. Established in 1992, we represent more than 1,300 leading hotels in Germany ranging from hotels in the midscale market segment to hotels in the upper upscale and luxury category. Its primary role is to lobby government across Germany and in Europe representing the views of the industry and promoting and protecting the interests of all operators in the industry. We also provide members with a wide range of services designed to keep them informed of industry issues, help grow their business and save them money and time.



Hotelhero is dedicated to helping hotels better discover, manage and purchase software. Founded in Berlin in 2017, the company has built a best-in-class database of over 1,500 software products and over 25,000 hotels using them. Hotelhero has been cooperating with the Hotelverband Deutschland (IHA) and the Austrian Hotelier Association (ÖHV) since 2019. The Hotelhero contract management tool enables hotels and hotel chains to manage all their contracts and subscription, and track the associated costs and budgets

If you have any questions or would like to discuss a potential collaboration, please contact us at welcome@hotelhero.tech