GETTING THE CLOUD OFF THE GROUND WITH PRIVATE CLUBS

By Bill Boothe

Are the benefits sufficient for club IT environments?

The cloud buzz is all around us. Cloud-based applications are popping up daily. Organizations large and small are running key portions of their businesses with hosted solutions. Hospitality companies (hotels, restaurants, resorts) are in the mix with hosted PMS, POS, reservations, accounting, payroll, web site and other solutions that perform some or all of the core functionality needed.

But for private club management solutions… not so much. In fact, none of the major software players offer a club management solution developed from the ground up to be hosted in the cloud.

What Drives the Cloud?

Like any technology, customer demand drives the growth of cloud solutions for business. For many organizations, the cloud's benefits are significant, and satisfy needs/solve problems in a convenient and cost-effective way.

Those benefits are:

- Allows access from any PC connected to the Internet, which makes access from other locations or while traveling a snap.

- Reduces costs by eliminating expensive local network servers, related backup and security gear, and IT support labor.
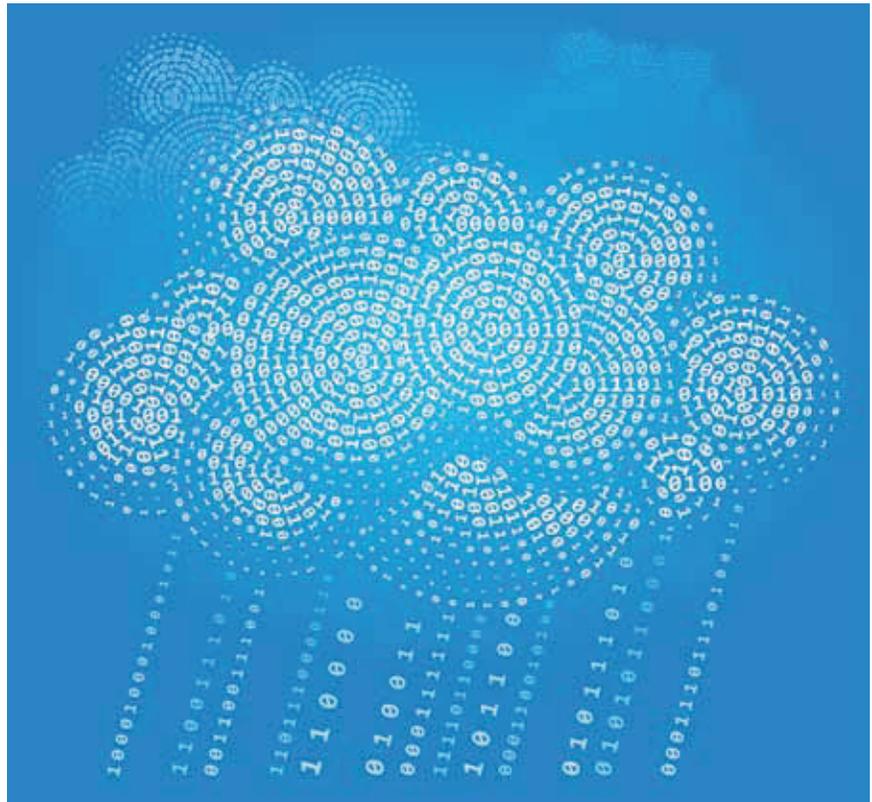
- Simplifies software updates, with the updates done on a remote server.

- Improves data security and recovery by having the host be responsible for firewall and anti-virus protection, data backups and restoration of the data.

How the Benefits Apply to the Club Industry?

But how applicable are those benefits to the private club industry? Let's take a look and find out.

Allows access from any PC connected to the Internet, which makes access from other locations or while traveling a snap. This is by far the strongest benefit of the cloud — the ability to allow quick and easy access to a central database/

Bill Boothe (bboothe@boothegroup.com) is president of The Boothe Group, LLC which offers consulting advice expressly for the private club industry. He is a frequent speaker at HFTP educational conferences, including the upcoming HFTP Club and Hotel Controllers Conference, June 25 – 27 in Baltimore, Md.

application for employees in different physical locations, or for mobile sales or service forces. However, the vast majority of private clubs have a single physical location — if not a single building (the clubhouse) — accommodating all of the club's employees that need to access the club management solutions. A number of clubs have separate golf, tennis, pool or admin/realty buildings, but most of those are connected with fiber optic cabling. Of course, almost all private golf and country clubs have a separate golf course maintenance building located a good distance from the main clubhouse, but normally those personnel don't need access to the shared club management solutions.

In addition, the vast majority of private clubs don't have a significant number of personnel needing offsite access to the club management solutions. At most, a handful of users need occasional access, which is normally accommodated with secure VPN remote access to the server.

So the vast majority of clubs would derive no significant benefit from the cloud's remote connectivity feature.

Reduces costs by eliminating expensive local network servers, related backup and security gear, and IT support labor. This is a great concept for a large retail organization — say a fast food company with thousands of locations, each with their own network equipment to install and maintain. These scenarios are perfect for the cloud, since they eliminate the need for IT technicians to administer and maintain the systems onsite.

However, most private clubs have only two network servers. The primary server houses the club management software solutions, while the secondary server houses other applications such as payroll and e-mail, and acts as a file server for users to store their MS Office and other files. Typically, the servers are backed up with a simple tape or disk system, with a secondary online backup service. IT support is

most often provided by a local company that responds to trouble calls, applies network software updates, installs new equipment and generally acts as the club's IT department. The cost for that service is generally modest, and the life expectancy for the servers and related gear is generally five to seven years. (Larger clubs may employ one or more IT professionals to perform these duties with more expansive networks.)

Of course, external hosting services aren't free — there is a fee associated with providing the equipment and services needed to replace the local presence of a network server. From our experience with more than 300 clubs across North America, we're not convinced that the potential cost savings will be greater than the additional cost associated with external hosting of the server.

So a good majority of private clubs would derive no significant benefit from the cloud's cost reduction feature.

Cloud Benefits/Challenges — Private Club Applicability

Offers remote access to locations and users	Not applicable for most clubs
Reduces equipment and IT labor costs	Not applicable for most clubs
Simplifies software updates	Applicable for most clubs, but can be performed by local IT source
Improves data security and recovery	Applicable for most clubs, but can be performed by local IT source
Requires Internet service redundancy and automatic failover	Associated costs offset most or all of the savings from cloud hosting
Requires software resiliency for mission-critical operations	Not available from the club management software providers and requires a local server

Simplifies software updates — they're all done on a remote server. Here is a cloud feature that companies of all sizes and complexions can appreciate. Keeping the network software up-to-date is important to maintaining the latest security safeguards and operational features needed for secure and reliable operations. For most private clubs this task is performed by the local IT support company for network updates, and may not be done on a timely basis. For the club management software solutions, most clubs depend on the controller or another employee to apply the updates, although some software providers will remotely apply the needed updates as part of their support plan. In most cases, the update process would be more reliable and timely if it was the responsibility of a cloud provider.

So the majority of clubs could derive a benefit from the cloud's remote software updates feature.

Improves data security and recovery by having the host be responsible for firewall and anti-virus protection, data backups and restoration of the data. Here is another cloud feature that most companies should be pleased with. For the typical private club, the firewall and anti-virus

systems are managed by an outside IT company, and may not be maintained on a regular basis. The arrangement for data backups and storage of the club's data is most often the responsibility of the controller or other club employee. We continue to be amazed at the lack of due diligence by many clubs in assuring that their critical data is backed up and properly secured.

So the majority of clubs could derive a benefit from the cloud's data security and recovery features.

Are the Benefits Sufficient to Drive the Club Industry to the Cloud?

Not so far. As noted above, the top two benefits, remote user access and cost reductions, are a non-factor for most private clubs. That leaves simplified software updates and data security and recovery to attract clubs to the cloud. But are those two benefits really only available from the cloud? Not at all. A qualified local IT provider can easily and inexpensively monitor the club's local network servers and related equipment, and remotely perform the services offered by a cloud provider.

In addition, there is the proverbial "elephant in the room" that the cloud advocates fail to talk about — the Internet itself. With its inherent reliability problems, the Internet stands as

a major roadblock to cloud viability for mission-critical club management operations such as F&B POS, retail POS, tee time check-ins and hotel front desk operations. Mission-critical means that any significant interruption of operations in these functions would represent a serious blow to member service and satisfaction. Clubs with anything less than near-perfect Internet uptime are likely to shy away from an online hosted solution for these member-centric activities.

To overcome the Internet's performance issues, two technologies can be deployed:

Internet service redundancy with automatic failover. This configuration mandates that two separate sources of high-speed Internet service be deployed. These sources must be from different Internet service providers, because when one local circuit is lost, it is likely that all local circuits from the same provider will also fail. In addition, an automatic failover system is needed which senses when the primary connection is lost and seamlessly switches to the backup connection. These requirements increase operations costs, offsetting most or all of the potential savings from cloud hosting.

Software resiliency. In short, resiliency is the ability for the software

applications and database to operate without Internet availability. This means that the mission critical portions of the programs and database are not just hosted offsite, but are also maintained onsite — on a local server. If the Internet connection is lost, the system automatically shifts into a different operations mode that uses the locally-stored programs and data to continue operations. When the Internet connection is restored, the local system synchronizes with the cloud-based host and resumes normal operations.

Resiliency is used by the world's leading POS system providers to make their cloud-based solutions viable for their customers (restaurant chains, retail stores, hotels, resorts). These companies agree that the core software functionality and database must reside locally to offer a viable mission-critical solution when Internet connectivity is lost. Unfortunately, none of the club management software providers offer software resiliency with their solutions.

What About the "Cloud" Solutions I See Advertised for Private Clubs?

Don't be fooled. Several sources are offering "Cloud Solutions" simply by providing off-site servers running Microsoft Terminal Services and the same club management software you would run locally. This is a big stretch of the cloud definition, which refers to applications written specifically for remote server operations, which can be accessed by any PC anywhere with no special software needed. Terminal Services requires a client program to be installed on each PC, and is a poor substitute for true cloud computing. In addition, the costs that are being quoted for these arrangements can be significant, and in some cases outweigh any possible savings that might be derived by eliminating a single network server. Buyer beware.

Stay Grounded for Now

At best, most private clubs would benefit from the cloud's two least valuable features (both of which can be provided by a local IT source). At worst,

the cloud would make clubs dependent upon an unreliable operations platform that is completely out of the control of the hosting company and the club.

Hosted solutions are great for a number of club applications — payroll, tee times and dining reservations, web sites, even back office accounting. As long as the application doesn't have a member or guest depending on its performance, the cloud makes some sense. But for mission-critical operations like POS, tee time check-in and front desk, the use of the cloud is problematic. To justify the cloud, you need a resilient solution (which doesn't exist for clubs), and redundant Internet service with auto failover (which adds significantly to the expense).

At the moment, the balance sheet doesn't look good for wide acceptance of the cloud in the private club industry. That could change when (and if) resiliency makes its way into mission critical club software applications. Until then, for most private clubs, the cloud is far off on the horizon. ■