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What is Next Generation Technology? How Will We Know When it has Arrived? by Elizabeth Lauer Ivey, HVS Technology Strategies

When people hear the term "technology strategy" in conversational circles, the following question is sure to arise: "Just what is the next big thing in technology?" This strikes me as a better than average ice-breaker but nonetheless, a strangely worded sentence. I resist the urge to remind people that technology is not a field or discipline unto itself. Furthermore, answers to such a question may be more subjective than opinions arising from political or religious debate.

Defining the future with a high degree of certainty is difficult at best, but even more difficult when your crystal ball is no longer covered by a maintenance agreement. Any consultant would covet the power to say precisely (in layman terminology) exactly what next generation technology looks like, approximately when we will witness it, where to buy it and how much it should cost, but even gambling strategists have their human limitations. I would however, wager a pair of Italian leather shoes on the factuality of the following statement.

"Next generation technology" is not simply a product or service, but an entirely new way of thinking. It is not necessarily a gadget or a protocol, a piece of software or a business intelligence tool. It is a new way of communicating and collaborating; one that requires a massive shift in the way that technical systems are developed, purchased and implemented in the hospitality industry. It is about engaging the next generation of customers and competition with "beyond basic" technology tools.

Company Information



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Since 1980, HVS International, the leading global hospitality consulting organization, has provided financial and valuation consulting services for more than 10,000 hotels in all 50 states and more than 60 foreign countries.

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Driving Innovation

Although technology changes rapidly, the reality is that the pace of change for hospitality technology has been painfully slow. I'm not writing to pontificate upon the current predicament and will emphasize that no one side (supplier or buyer) is at fault. So why hasn't either group (or any one entity) done a better job at anticipating change or the opportunity to capitalize upon it?

In many other industries, customers willfully drive innovation. Envious enterprises have experimented prudently and accepted reasonably calculated risk in an effort to gain true competitive advantage. An increasingly high percentage of the world's most successful companies have acknowledged the strong correlation between IT system effectiveness and organizational competitiveness.

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In comparison, the hospitality industry doesn't bankroll many people to gather round and think about the future. Every once in a while, some thinkers get together and propose something that makes good sense for many and hopefully leads a few more to act. Such was the case in June of 2002 when the Hotel Technology - Next Generation (HTNG) initiative was formed by a distinguished group of hoteliers, consultants and academics. www.htng.org/press20020627.htm

Following HITEC later that month, an informative white paper was published and distributed. Interest was intense, endorsers came in droves, and even skeptics paused to read. (Almost 1,500 people have downloaded the white paper and many more obtained copies from colleagues and industry web sites.) Responsibility for executing the ideas put forth in A Path to Achieving Next-Generation Technology for the Hotel Industry (June, 2002) has since been handed over to a capable board of senior technology and finance executives representing a broad array of hotel companies. "In less than one year the HTNG initiative moved into industry hands with a clearly defined mission in place," purports Doug Rice, HTNG Founder and President of Stratus Management Group. Below is an initial roster of the board

Poll

How do you project 2004 business levels?

-  Same as 2003
-  Lower than 2003
-  1 to 2% higher
-  3 to 4% higher
-  5% or more

 Vote

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members and officers. Two positions are pending.

- Gebhard Rainer, VP Hotel Finance & Systems, Hyatt International (President)
- Mark Hedley, SVP & CIO, Wyndham International (Vice President)
- Matthew Dunn, SVP & CIO, Intrawest Corporation (Secretary/Treasurer)
- Glenn Bonner, CIO, MGM Mirage
- Kathleen McIntee, SVP Finance & Administration, Destination Hotels & Resorts
- Nick Price, CIO/CTO, Mandarin Oriental Hotel Group

When asked why HTNG needs to exist, President Gebhard Rainer asserts that "every hospitality company is struggling with the complexities of application integration. HTNG is an initiative that has allied senior IT Executives from our industry to confront similar challenges, without any competitive issues or selfish interests."

Rainer continues, "Bringing industry executives together with "one voice" can help vendors be more responsive to requirements and challenges. Just as these senior executives will be more open with their peers, vendors must do more than dialogue with one another. They must open up their products for easier dataflow and messaging. Development of proprietary applications and interfaces has proven extremely expensive, making it difficult for the industry to employ efficient and cost-effective business solutions. The HTNG Board and members are able to represent a large proportion of the industry in order to emphasize the importance of these issues and actively work with suppliers towards viable solutions."

Objectives of HTNG

HTNG is not about developing ultra-comprehensive systems from the ground up or creating standards for all vendors to incorporate. Nor is it esoteric "pie in the sky" that could only be of interest to futurists. The primary mission of HTNG is to facilitate the development of hotel systems that properly exploit a modern technology platform to enhance interoperation between constituent systems. They should deliver improved functionality, better reliability, security and lower cost of ownership. To succeed requires vendor partnerships; specifically application developers, platform providers, datacenters, infrastructure managers and security contingencies.

Developing next generation technology is not just about using the latest programming language or tool kit. Equally important is leveraging all resources to manage information in a way that has proven competitive in other global industries. Application developers must understand web services, physical infrastructure, remote management, enterprise-wide knowledge transfer and data security to the nth degree. But they do not have to cultivate and practice these skills alone. They need only to be receptive towards working with a multitude of companies from both inside and outside the industry.

Nick Price, CIO of Mandarin Oriental Hotel Group insists that "there are two forces driving this initiative; the ability to know our customers better and to be able to sell our hotel products consistently and profitably through whatever channel the customer prefers. Good hotel systems must interoperate as seamlessly with applications, services and databases on the other side of the planet as they do with systems on the other side of the machine room. They must also model the customer beyond a set of financial transactions, as a real human being with complex needs, wants and preferences that change frequently and unpredictably."

HTNG is not meant to be exclusive, nor is it a movement for the masses. The group welcomes members and vendors who are willing and able to work towards the same goals – to simplify the IT environment without compromising functionality, flexibility, security and the potential for ongoing innovation. Whether a vendor supplies software, networking equipment, communications hardware, or in-room entertainment, it must accept that its solution addresses a relatively small part of the guest experience. They must therefore operate around a common platform and a dynamic customer model.

A Change for the Better

The HTNG initiative encourages technology executives to work closer with their competition than most of their colleagues have ever worked before. Next generation CEOs and other executives should take comfort knowing that their IT decision makers can seek support to distinguish between next generation reality and next generation hype. As in any industry, next generation CEOs should seek assurances that data is safe, that customers are being satisfied, and

that investment decisions are being made after ample scrutiny. They should also understand that when it comes to technology, you get what you pay for.

Many "like minded" people attend conferences and talk at length about the importance of thinking strategically and planning for the future. But at the end of the roundtable, most people just want to learn what the best product on the market is. They have frightfully little time to study their organizations closely, root out inefficiencies, evaluate and question "time tested" human processes and traditions before they make a major technology purchase.

Well good news for all of you (yes, you!), because the ultimate outcome of the HTNG initiative will be tangible products; systems that can be purchased, implemented and provide measurable benefits. Ideally, the fruit of this labor will be a hospitality industry solutions set. It is not meant to be a shrink-wrapped, one-size-fits-all license for the greatest common denominator, but highly configurable based on business needs.

Why Now? How Now?

A number of hotel companies have been holding back on major technology investments for a couple of years. Profit margins have been declining since 2000 and many strategic projects have been put on hold for financial reasons. However, as soon as the economy starts turning around, funds will be made available and technology projects will go ahead. Joining HTNG will help keep professionals up-to-date with initiatives and ongoing development. HTNG hopes that others facing major technology projects will find their work timely

The board members of HTNG plan to do, must do, and have allotted funds to do such projects within their own companies. If they are successful they will not only secure the benefits of the anticipated solution sets for their own gain, but they will ready their organizations for the next generation of challenges. Presumably, they will demonstrate the benefits, build exemplary models, and share successful case studies for the good of others. If this sounds a little too altruistic to believe, just remember that the greatest rewards go first to the better risk takers. In conclusion, I quote Margaret Meade who said, "Never believe that a few caring people can't change the world. For, indeed, that's all who ever have."

To learn more about HTNG, visit www.htng.org. Visitors may download the HTNG White Paper for free. You may also contact any one of the board members or founders through the website.

Elizabeth Lauer Ivey is a Senior Technology Strategist with HVS Technology Strategies. HVS International is the world's leading full-service consulting firm devoted exclusively to the lodging industry. The Technology Strategies division assists hospitality companies with planning, selecting and contracting for new technology, as well as helping technology providers apply their solutions to organizations which will realize the greatest benefit. Prior to joining HVS International in 1998, Ms. Ivey held technical positions with MCI Systems Engineering and Resort Computer Corporation. After earning a degree in Hotel, Restaurant & Institutional Management from Virginia Tech, she spent her early career in hospitality operations at two notable luxury hotels. An active member of Hospitality Financial & Technology Professionals (HFTP), she sits on the HITEC Advisory Board (2003 & 2004) and is a frequent contributor various industry publications.


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