

All together now

Enabling your security, in-room entertainment and climate control systems to “talk” to each other could save money and improve the guest experience. The buzz words for this are “IP convergence”, as *Daniel Thomas* explains

It is not only the new coalition Government that needs to address its spending levels. While there are some signs of recovery in the hotel market, operators are still searching for ways to improve their margins by cutting costs.

Significant savings – and improvements to customer service – can be made by moving IT infrastructure towards a converged model, where all applications are delivered via the same internet protocol (IP) network, IT experts say.

IP convergence, sometimes known as digital convergence, refers to the bundling of different forms of communication on an all-IP network infrastructure. A typical example of IP convergence in the hotel world is the so-called “triple play”, where users (guests) can make phone calls, surf the internet, watch TV and order videos through the same data network.

There are many more applications in hotels that can converge on the same IP network: heating and air

conditioning, room blinds, door locks, room safes, elevators, CCTV, security alarms and fire detection, to name a few.

By merging all of these applications on to one standardised form of communication a hotel can massively reduce its operating cost while simplifying and enhancing the guest experience, according to Leo Brand, chief executive of Swisscom Hospitality Services.

“The point becomes clearest by looking at the limitations of today’s existing hotel applications,” he says. “Employing proprietary rather than open communication standards, they do not easily talk to one another. Interfaces have to be built among the different services, and every new application or service update engenders multiple new interfaces. This creates considerable operating cost – too often taken for granted – but it also inhibits service innovation.”

In contrast, making use of IP technology provides hotel

operators with streamlined processes, lower cost structures and the possibility to continuously innovate their guest services, Brand adds. “This is really what counts in the hospitality business – to steal a march on your competitors,” he says.

The concept of convergence has been around for some time in the IT industry, but large parts of the hotel sector have been slow to adapt, due to cost and complexity issues. But David Pryde, group IT manager at Oxford Hotels & Inns – which has implemented a converged system using technology from Clarity Commerce – says this is now changing.

“Convergence has for many years been driven by suppliers, and the costs associated could be described as being prohibitive for many in the industry, as it would be difficult to realise significant cost savings or benefits in the short term versus the level of investment,” he says. “It is only now, as the costs are coming down and suppliers are working closer together to reach

other vertical markets, that the use of converged technologies is an affordable and realistic option to many.”

Oxford Hotels & Inns has converged its external web-based technologies, such as global distribution systems, web bookings and some IP telephony in addition to site-based golf, leisure, spa and property management facilities and guest wireless access.

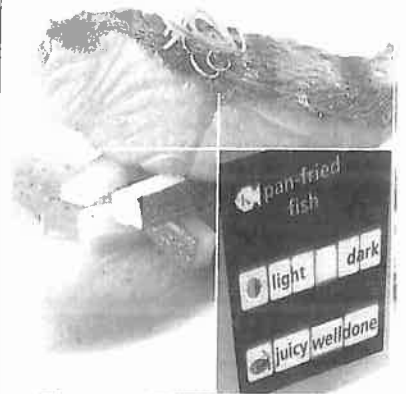
The implementation has led to some impressive cost savings, reveals Pryde. “We had planned capital expenditure for the updating of key infrastructure and technologies. However, by converging and integrating where possible we were able to reduce this capital cost by approximately 35%,” he says.

“Similarly, we were able to realise a 20% reduction in support costs as well through the reduced infrastructure and complexity for support.”

Convergence also allows operators to use “best of breed” products and services instead of using either a single all-

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encompassing supplier, who might not be strong in all areas, or individual companies each wanting segregated networks and systems, explains Pryde.

"Convergence allows greater integration and lowers costs, making it easier and cheaper to react to changes in demand – be they from customers, corporate or government regulations," he adds. "As a result of a planned and converged infrastructure we are better placed both technically and financially for the updating of other or new systems and services where we know we need not duplicate technology."

Dawn Waite, hotel consultant at Clarity Commerce, says ensuring that applications have greater levels of integration delivers a single data entry, which brings with it a number of benefits for a hotel group.

"It means uniform guest profiling, no matter where he visits within the group or hotel resort; increased guest satisfaction by allowing them to

achieve more – for example, booking multiple services such as accommodation, restaurant or spa; and great customer service, as the guest is 'known' by every department," she says.

There are, of course, a number of challenges to moving to a converged network, not least finding IT partners who are willing to collaborate with the many different suppliers that can be involved, warns Pryde.

"Where we have converged systems we have had to clearly understand what each partner's points of entry or exit are, so that all know where their dependency on the converged elements starts and stops," he says. "The other challenge is either managing the converged elements yourself or finding a partner, preferably independent of the other stakeholders, to manage this task. Clarity is willing to work alongside other suppliers and will manage all the stakeholders to ensure the system is not over-complex and delivers the required

simplicity to the business."

Building a new hotel allows an operator to focus on technology, and this is where IP convergence comes into its own. Citizen-M, the hotel group that launched in the Netherlands in 2008, is bringing its brand of "affordable luxury" hotels aimed at travelling customers to the UK this summer, with a property in Glasgow.

The hotel will feature an all-IP environment, managed by Swisscom, which includes IPTV, wired and wireless high-speed internet access and Voice over IP. From the in-room lighting and music to live TV and the free movies-on-demand, plus the alarm clock, heating and air conditioning, everything in the room runs off the IP network and is programmable with one device – a touch-screen "mood pad".

Citizen-M would not traditionally have been able to support such up-to-date technology if it were not for the advent of convergence, says chief executive Michael Levi.

"Technology can be burdensome for a light hotel like ours that essentially operates without a back office," he says. "Thanks to Swisscom, I am making a quantum leap ahead in terms of efficiency. It is helping me to bring order into a messy applications environment. This translates into smoother operations and a much more service-orientated environment."



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WHY SHOULD HOTELS CONSIDER CONVERGENCE?

Operational efficiency There are cost savings because of multiple services on one physical network; reduced workload for network monitoring and maintenance; and consolidated service management through one network manager.

Service innovation Applications are fully interconnected and "speak" to one another; another aspect is the easy integration of new technologies such as RFID and applications, minibar, door locks, mobile applications, which are all IP-based.

Flexibility IP is an open standard, allowing hoteliers to replace proprietary software, resulting in less dependency on individual applications and suppliers.

Future-proof The network serves as a basis for multiple applications to follow the common technology standard, allowing the hotel to move forward from an initial "dual play" or "triple play" to a full "multi-play" of convergent guest services, thus increasing efficiencies.

Source: Swisscom