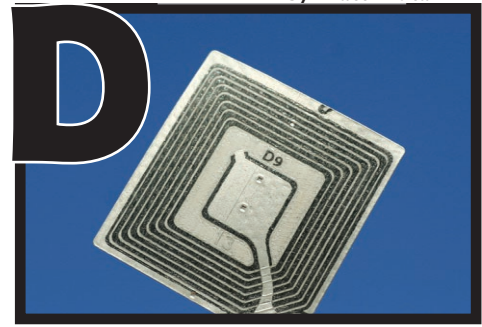


The Promise and Opportunity of RFID

by Matt Muta



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Imagine the next time you check into your favorite resort you are issued a bracelet enabling you to automatically pay for food, drinks and services without ever needing your wallet or a pen to sign receipts. Because you visit annually, you are also signed up for a spa treatment, a golf tee-time and a beach cabana has been reserved for you every day between 10 a.m. and 2 p.m. - just as you like it.

Now imagine you manage this property. You can see where guests are, what services they use, where they're spending the most money. You can track valuable assets, allocate staff real-time based on guest or operational needs and ensure more security. In short, you run a more efficient and enjoyable operation, increasing revenue, creating efficiencies and guest loyalty.

These capabilities are becoming a reality within the lodging, gaming and entertainment industries with the increasing use of radio frequency identification (RFID) technology. Simply, RFID uses radio waves emitted by tags and captured by readers to identify things automatically and in real time. Such a system also typically involves a software infrastructure to collect and manage data.

Although RFID has been around for decades, it typically has been deployed by retailers and manufacturers for supply chain management. Advances in open standard technologies have revealed new opportunities for its innovative use. As Forrester Research reports, forward-thinking companies aren't limiting RFID to the supply chain any more. Rather, they are testing new RFID processes like production management, market research, promotion execution and in-store consumer services.¹

While hotels do not have the same supply chain needs for RFID, the light bulb has turned on in the industry for how it can be used strategically to address specific challenges and opportunities. As more and more industry leaders make this realization, smarter hotels will embrace the creative use of RFID because it offers a chance to differentiate and significantly improve business fundamentals - reducing costs, maximizing revenue - to create a smarter guest experience, smarter operations and smarter services.

For example, by implementing a scalable RFID system of tags, readers and supporting software, hoteliers can better manage their assets. With tags affixed to valuable items such as vehicles, TVs, computers and the like, managers can maintain and replace those items more effectively to avoid costly breakdown and repair, and prevent their loss through theft or misplacement because they know precisely where these objects are at all times. Risk to guests is also mitigated by RFID through more effective door control to limit property access to those authorized guests or personnel.

In terms of revenue, a cashless RFID payment system makes it extremely easy for guests to purchase high margin items such as drinks, food, specialized services

and hotel merchandise - increasing the chances that those purchases will be made. Additionally, by knowing where employees and guests are, managers can quickly allocate resources to places where guests may be underserved to bust lines and cash in on revenue opportunities.

Cashless payment has great potential for the hotel market. Wild Rivers water theme park in Irvine, Calif., has implemented a system that enables guests set up an account linked to an RFID wristband that can be used to spend money anywhere in the park simply by waving it over a scanner when they buy food or other items. Developed by Guest Technologies, the service eliminates the awkwardness of carrying cash or credit cards in a swim suit, and has yielded an immediate return on investment with visitor spending quadrupling since implementation.² Cashless payment systems in the hotel setting present great opportunities to increase guest spending at bars, restaurants and specialty shops and other hotel services.

More strategically, by deploying seamless and personalized RFID-powered cards or bracelets, hoteliers can build superior customer experience to drive loyalty and repeat visits. For early adopters of RFID, this could prove to be a distinct competitive advantage.

For example, in the short term future, hotels will use near field RFID technology to enable guests to unlock their room door automatically as they approach it. And as the guest enters the room they will find their room amenities such as lighting, window shades, room temperature, music and TV. will be set to meet their preferences. Often called "building intelligence," these capabilities deliver a much smarter guest experience.

That same hotel will also run smarter operations with RFID by using the technology to track things like how long it takes the cleaning staff to clean rooms, quickly determining which rooms are ready for guests, what's been taken from a mini-bar and more. This knowledge will not only help managers make smarter immediate decisions around staffing, guest needs and room re-supply, but over the long term the information can be aggregated to spot opportunities for greater productivity and more efficient operations.

A good example of RFID in a hotel today is the system being implemented at Focus Lodging's Fort Rapids Indoor Water Park and Resort in Columbus, Ohio. Integrating cashless payment with guest location services, all guests of this combination hotel and fun park receive a Roundup Wristband enabling cashless payment throughout the property linked to their individual room folio. The wristbands can also be used with interactive kiosks located throughout

the hotel and water park to help guests find members of their party, locate hotel amenities, schedule appointments and more. The integration between the property's POS system, property management system and Guest Technologies solution is accomplished by leveraging Microsoft's BizTalk server through a .NET framework.

Any discussion of RFID is incomplete without also noting the primary challenges it represents. The first is the complexity of integrating RFID with existing systems. Many hotels operate legacy systems that may not be compatible with today's RFID solutions. This problem will be reduced as more hospitality organizations embrace interoperative software and open architectures.

Another challenge is that advances in RFID technology has created a potential for consumer privacy infringements. Trustworthiness with RFID demands technology providers create solutions that embody integrity and provide fundamental security and privacy protections, and that these can be conclusively demonstrated to the public.³ A commitment to responsible RFID technology by software vendors, solution providers and hotels will be the single biggest factor in mitigating these difficulties.

Advances in RFID technology and supporting software offer hoteliers substantial new opportunities to create a superior guest experience, enhance revenue and reduce costs - a catalyst for positive change. Smart hoteliers will invest in RFID software and systems to transform their organizations because the opportunities are so great, and failure to advance with this technology will put them at a competitive disadvantage.

The key to realizing the promise of RFID are also clear: adoption of up-to-date interoperative technology and open architecture software, a commitment to responsible development and implantation by all parties, and imagination of hospitality organizations and solutions providers to creatively harness RFID. With so many advances in RFID now coming into the market, you no longer have to imagine the possibilities; RFID has arrived today to help enhance business fundamentals while creating a significant differentiator for the smart hotel and hospitality organization.

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- (1) RFID Beyond The Supply Chain
CP Firms And Retailers Pull RFID Vendors Into New Processes
by Christine Spivey Overby with Carrie A. Johnson, Sean Meyer
- (2) Keep tabs on the kids-RFID to the rescue: Guest Technologies MountainWatch system helps parents ski in peace, and more
Microsoft Web Site - Updated January 19, 2006
- (3) Microsoft white paper on RFID privacy issues
Javed Sikander, Microsoft Corporation April 2005