

10 Years

Is the Charm



Front to back

Dexter Chou, **Superclubs Resorts**; Becky Wanta, **MGM Resorts International**; Jane Durment, **The Marcus Corporation**; Brian Garavuso, **Diamond Resorts Intl.**; Monika Nerger, **Mandarin Oriental Hotel Group**; Raman (R.P.) Rama, **JHM Hotels**; Wayne J. Fields, **Pacific Monarch Resorts, Inc.**; Stephane Magnat, **Clubmed**; Alan Zaccario, **New Castle Hotels LLC**; John Burkard, **Vantage Hospitality Group**; Carol Beggs, **Sonesta Collection**; Mike Dickersbach, **Thayer Lodging Group**; John Wimmer, **Xanterra Parks & Resorts**; Rich Jackson, **Hilton Grand Vacations**; Mark McBeth, **Starwood Hotels & Resorts**; James Lingle, **Sage Hospitality**; Dave Malcom, **Hyatt Hotels Corporation**; Mike Blake, **Hyatt Hotels Corporation**; Raja Musunuru, **Gaylord Entertainment & Hotels**; Jeremy Rock, **RockIT Group**; Nelson Garrido, **Noble Investment**; Paul Bushman, **Interstate Hotels & Resorts**; Scott Gibson, **Best Western International**; Marty Stanton, **Destination Hotels & Resorts**; Richard Tudgay, **Omni Hotels & Resorts**; Brian Cornell, **Concord Hospitality**; Lyle Worthington, **Horseshoe Bay Resort**; Jeffrey Stephen Parker, **Stout Street Hospitality**; Andy Ross, **Canyon Ranch**; Damian Bridges, **ARAMARK Parks & Destinations**; Markus Satterfield, **Hilton Worldwide**; Bruce Hoffmeister, **Marrriott International**; Todd Thompson, **Starwood Hotels & Resorts**; Ken Gay, **Grand Heritage Hotels**; Jay Reed, **Pillar Hotels and Resorts**; Charles Livingston, **Exclusive Resorts**; Paul Wentte, **CSM Corporation**; Robin Koetje, **The Hotel Group**; Ira Greenfield, **Extended Stay Hotels**; Simon Eng, **CTF Development, Inc.**; Ron Hardin, **Davidson Hotels and Resorts**; Jon Inge, **Jon Inge & Associates**; Jack Braham; Jeff Linden, **Red Roof Inns**; Scott Nowakowski, **Denihan**; Rajiv Castellino, **Great Wolf Resorts**; Ken Barnes, **White Lodging**; Bradley Koch, **HEI Hotels & Resorts**; Ron Strecker, **Al J Schneider Co.**; Joe Tenczar, **Hard Rock International**; Michael St-Laurent, **Gemstone Hotels & Resorts, LLC**; Alexander Danon, **Grupo Vidanta**; Gustaaf Schriels, **IHG**; Jim Bina, **Rosen Hotels & Resorts**; Paul Major, **Aspen Skiing Company**; Predrag Krstajic, **Karisma Resorts de Mexico**; Tony DelMastro, **Loews Hotels**; Darrin Pinkham, **Benchmark Hospitality Intl.**; Dan Garow, **Turning Stone Resort Casino**

By Kris Burnett

10 years ago, just after 9/11, HU publisher Richard Siegel sat down to interview the then CIO of Hyatt Hotels, Tom O'Toole. What happened during that discussion launched what we now know as The CIO Summit, and it has grown in size and value every year since.

Our host hotel, Mandarin Oriental Hotel Group CIO Monika Negerer said it best: "This is an invaluable gathering of the key leaders in the industry, to share relevant knowledge and experience. The speakers were fantastic, and I would highly recommend this event to those who are fortunate enough to be invited."

Almost 70 CIOs and technology executives converged in sunny Miami for two and a half days of networking, educational sessions and fun, and early arrivals enjoyed an authentic Cuban dinner in Little Havana hosted by event transportation sponsor Luis Segredo of MTech.

To begin the conference the kickoff event was something different. Close to 40 attendees enjoyed a half-day fishing trip with the best catch of the day awarded to Ken Barnes of White Lodging, who for over 30 minutes battled what we thought was a shark, but was actually a 35-pound cobia. Honorable mention went to Melissa Sloan of event sponsor Cenium for the first catch of the day, a bonita, and the smallest catch of the day honor was a tie between Hilton Grand Vacation's Rich Jackson and Brian Garavuso of Diamond Resorts International, with 5-pounders between them.

The opening night's welcome barbecue was held on the Mandarin Oriental Miami's private beach and provided a beautiful location for the first ice breaker. Dinner included a highly entertaining introduction session and an opportunity for the attendees to get to know one another.

Aside from educational sessions with various industry experts, attendees were treated to an update from Global CIO of Marriott International Bruce Hoffmeister, who shared the challenges of taking on this new role, and two brief blasts from the past by Tom O'Toole (former CIO of Hyatt Global and current COO of Mileage Plus Holdings, United Airlines) and Mike Suttan (former CIO of Royal Caribbean Cruise Lines). Both O'Toole and Suttan agreed that with the advances in CRM, social media, search engines and mobility technologies over the last 20 years the dependence upon the people in the session room and what they do is higher than ever.

(Go online to www.hospitalityupgrade.com for more information on these three presentations.)

The first educational session was, "Need to Know" with Jan Freitag, senior vice president global development for Smith Travel Research (STR). Freitag shared hotel performance data from around the world and the trends that are shaping the industry. As Freitag said, globally, "The trend is clear, we are increasing room rates."

According to STR, ADR growth is strong in Asia Pacific (up 13.1 percent YTD 2011), Europe (up 13.9 percent) and South America (up 21.2 percent), while increases in the Middle East are only reaching 5.6 percent.

Darren Pinkham of Benchmark Hospitality International asked about Freitag's extended prospectus outside the United States. Freitag said that Asia Pacific (APAC) is on fire and the Middle East will be overbuilt for quite a while. "Europe is mirroring the United States; we see healthy demand growth versus lower supply growth," Freitag said.

"We are in the strongest demand rebound ever," Freitag said. The percentage change in

demand in 2009 was down 6.9 percent, while it is currently at an increase of 6.5 percent year to date in 2011 after an even higher spike just before that.

In general, regarding global occupancy, the Americas and Europe are up and APAC is flat. According to STR, year to date 2011, North America is seeing 4.5 percent growth, South America is seeing 5.2 percent growth, and Europe is seeing a 3.9 percent growth, while APAC is dropping 0.2 percent and the Middle East is dropping a considerable 8.6 percent.

In 2012, Freitag predicts on the chain scale that we will still be selling more rooms than we are building. But as he concluded, "Demand is back, there is no doubt about it, and ADR growth should be back."

Following Freitag's session on the state of the industry, John Sanderson, Window Azure solution specialist with Microsoft, and Rick Wright of KPMG examined successful cloud strategies for public, private and hybrid models, and then introduced a case study with Gustaaf Schrijs, vice president of technology for InterContinental Hotels Group (IHG), who has put cloud technology into action.

When the question was posed to the attendees, 33 percent of the audience said they were investigating cloud technologies and approximately one-sixth said they had actually deployed them and had them in motion.

Sanderson said the National Institute of Standards and Technology defines cloud computing as having the following features: on-demand self service, broad network access, resource pooling, rapid elasticity and measured service.

"Rapid elasticity in the key," Sanderson said. "Can you go from 10 instances to 100 instances in one minute?" One of the challenges of on-demand self service, however, results from the low levels of bandwidth in some areas of the world. Also, depending upon the specific company and its situation, he cautioned, "The cloud is not necessarily less expensive than what you are doing today."

As Sanderson concluded, KPMG's Rick Wright took the stage and examined cloud strategy. "There are things you need to consider before going into the cloud," he said. "Using cloud technology (has) really leap-frogged the industry."

He described the SaaS (software as a service) cloud service model as cloud-based business applications like Google Docs and Salesforce.com; PaaS (platform as a service) as enabling customer-created

applications in the cloud like Microsoft Azure and Amazon Web Services; and IaaS (infrastructure as a service) as renting storage, core processing, network and other computing as with Mozy and Rackspace.

At this point, he posed a few questions to the audience. First he asked what cloud deployment models they are using today. The audience replied with 29 percent using public, 16 private, 50 hybrid and 5 not in the space yet. Next he asked what their current use of cloud delivery models is. The audience responded with 67 percent using today in production, 13 using today for development/testing, 15 percent planning to use it in the next 12 to 18 months,



FAVORITE TWEETS - #HUCIO11

GoogleTravel - "We are really new at this. We enter this challenge humbly."

"There isn't IT value, there's only business value...There are IT metrics, but everything is about the business."

-Bruce Hoffmeister



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and 5 percent not planning to leverage the cloud.

"This mirrors what our clients are doing (with two-thirds using the cloud in production)," he said. "As John (Sanderson) mentioned, however, with discreet business functions, you need to walk before you run."

The risks Wright pointed out when adopting cloud include financial management and tax, security and privacy, operational risks, data and technology, regulatory and compliance, as well as vendor management. Moving from CapEx to OpEx models impacts budgeting, forecasting and reporting processes, as well as tax considerations. Data can be stored in the cloud without proper customer segregation, allowing accidental disclosure to third parties, or there may be a legal jurisdiction where the data rights are not protected. The risks of creating independent silos of information can tarnish data integrity, and cloud delivery can change how IT delivers technology services to support business requirements. Additionally, the lack of industry standards and certifications for cloud providers creates risk, as well as the lack of clarity regarding ownership responsibilities between cloud vendor and user.

When asked if their move to the cloud had an impact on their businesses, 65 percent of the audience who answered said yes.

"This is a change in the way you are providing a service," he said. "How we maintain enterprise data, how we maintain security, that will be the main focus of IT... Being in the cloud is quickly shifting from a competitive advantage to an operational necessity."

However, as he said, successful adoption of a cloud delivery model depends on an organization's ability to establish a robust enterprise IT services integration model. IT capabilities need to evolve to support new cloud models he said.

Wright concluded that cloud computing is a business discussion, not just an IT discussion. "Cloud hype is powerful and can be misleading as some cloud vendors may allude to the ease," he said. "But companies need to understand the long-term implications of a particular cloud solution."

With 4,600 hotels around the world (including 600 managed hotels), Schrlis said IHG was running on XP in late 2009, early 2010. He checked his options and evaluated his old hardware, software and implementations, every way he could. IHG decided to move some of its technical operations to the cloud for financial and strategic reasons. "We wanted to reduce costs, improve agility and elasticity, and improve the mobile experience," he said.

"With all of the mobile devices, we wanted to move to a more natural integration."

However Schrlis said, "Setting the right expectations within the company was very important. Making a massive change to something completely different takes a lot of time and communication."

With Postini, Google's email filtering system, IHG could reduce the number of emails and was provided increased storage capability. "The Google gurus implemented the regions one at a time," Schrlis said. "By the end of this year, we will be up to 35,000 users globally. All corporate offices have now been converted."

Schrlis said they are currently using the two main apps and mail from the Google App suite. "We expected a pretty high volume of support calls," he said. "It has been very surprising, it wasn't bad at all."

Why did IHG pick Google? Google is a strategic partner of IHG. "We were one of the few selected to be a beta partner of theirs,"

Schrlis said. "Clearly they are a rapid development shop, which brings good things and bad.

He has seen advantages of cloud. "We don't need to worry about maintaining servers; the network is not experiencing increased traffic," he said. And, he added, IHG is experiencing considerable savings annually.

The other advantage he sees is that it is very scalable. "When looking at a purchase in the Middle East, it is really easy to add 100 mailboxes to the system," he said. "It is extremely flexible and scalable."

As all three recommended, companies must decide for themselves what works best for them and truly make it not only a technology decision but a business decision. As Schrlis said, "Clouds sometimes are white, sometimes they are dark and bring rain, and some, tornados."

Other current technologies were discussed in a pop-up sessions, designed to allow the audience to choose a topic via survey and then at random a group was chosen to present or discuss its experiences with the topic. The first topic chosen was mobility.

The presenting group for this session included James Lingle of Sage Hospitality, Ken Barnes of White Lodging, Best Western's Scott Gibson, Hilton Worldwide's Markus Satterfield and event transportation sponsor Cendyn's Bob Magliozzi.

"Mobility is currently in the single digits of revenue, but is clearly growing," Gibson said of Best Western. "We want to deliver good, smart mobile apps that drive people to us. Our next goal is to help them with booking capabilities."

Markus Satterfield of Hilton Worldwide said, "We have a direct focus on the guest, our goal is to move the activity off the channels to the brand.com."

Jeff Linden with Red Roof Inns has a different challenge. He said, "Most of our bookings come on arrival. People are on the go today." He is looking at guests booking from mobile devices, with GPS formulating, getting them to talk to somebody and getting them to book.

Ken Barnes said, "Our goal is low cost, no additional fees to implement this mobile app." He wants to see the whole customer and take that consumer from reservation to booking with a rewards program.

Challenges to these applications, as all panelists agreed, were funding and lack of training and information.

Next up, master data management (MDM) was covered in the "Massive Data Migraines" session with Tony Fisher, president and CEO of DataFlux. As program moderator, Sally Kelly of KPMG explained customer data is a strategic corporate asset of every hospitality company doing business today; the problem is that companies cannot wring value out of their data because the data itself is siloed and in non-standard formats, making it difficult, if not impossible, to collate and analyze effectively.

Fisher reminded the group that master data management is about "aligning the business units across your organization and using your tools to do it." Because many have had trouble rationalizing the data from their hotels, they aren't recognizing all of the revenue they should have been – a simple issue of not understanding the data and not being able to use it.

He recommended that companies start with the business processes – what business processes



FAVORITE TWEETS -#HUCIO11

White Lodging wants to take you from research to booking to loyalty all through mobile. That's the goal.

Takeaways from @jan_freitag - 1. Demand is back 2. ADR "SHOULD" follow strong demand and last but not least, trust the data! #HUCIO11 #STR

...that's why they call it fishing, not catching! #HUCIO11 <http://yfrog.com/nwp3pvj>



THE CIO SUMMIT

drive those strategies, then drive the MDM from that data. "The goal is, I want consistent data across my entire organization," he said. Fisher recommended finding other organizations who have gone through the process. "There are people who have successfully implemented MDM and you need to find them," he said.

Kelly said, "Master data management (MDM) can be one of the most valuable ways to organize non-transactional or reference data. By having the business agree on the format for customer data, in this case, MDM tools and processes can then integrate and synchronize data across systems. The hardest

part is taking the first step to having consistent data everywhere."

The second pop-up session focused on business intelligence by audience choice. The presenting table this time

included Dan Garrow of Turning Stone Resort Casino, Monika Nerger of Mandarin Oriental, Great Wolf Resorts' Rajiv Castellino and Jack Braman (former CIO of Las Vegas Sands).

Nerger pointed out that since her fellow panelists were from different segments that business intelligence can mean something different to each of them just as it does to the different audience members. Nerger said, "(At Mandarin) we focus less on the transactional part of service and more on guest service." Like many organizations, she is wrestling with data security and how much data is too much. "The real business intelligence is collecting what you don't know. For example, we have all this information about our guests like in OpenTable. If they spend thousands of dollars with us in our food and beverage outlets, they may stay with us at some point, and we have no way of tracking that information and turning that into something intelligent so they are recognized over and over again," Nerger said.

Great Wolf's Castellino said they try to satisfy the needs of the department heads by taking all that information and putting it in one repository and then on a dashboard.

In another set of mini sessions, various attendees shed some light on their own organizations' current projects and the challenges they are facing in their roles. Participants in this series included Mike Blake of Hyatt Hotels Corporation, Becky Wanta of MGM Resorts International and Jim Bina of Rosen Hotels & Resorts.

(Go online for more information on these three presentations.)

On the final day of the conference, Jay Akkad with Google Travel focused on innovation and building the right product as Google is launching its new travel service. He said to build the right product, you have to get something out, get feedback and iterate quickly and often.

From the marketing perspective he said, "Most users distaste the research, finding the right flight, etc. Experiencing travel – which is why we travel – those experiences are what drives travel. We want to help make those experiences better. Mobile devices should be like a best friend in every town." It is that helpful person who offers suggestions to the best restaurants and directions how to get there.

With Google's Hotel Finder, just launched a few months ago, users can flip through a series of hotels very quickly, can create a short list and the map will change as they go through the list. The map highlights popular areas, including points of interest. After completing a short list, the user can go through and pick the hotel he wants.

Scott Gibson asked how the price list is going to behave. "We make all decisions based on data as we see it," Akkad said. "The first thing we do is put them in order of price (generated by crawling)."

Akkad said hoteliers pay for booking links, but the links listed are free.

Monika Nerger asked about the future of SEO for Google and (international) language search. "There's a huge team that works on focusing on that aspect," Akkad said. "It's definitely a direction we are headed in. We would like to be able to answer our users' questions easily and quickly."

Akkad said the focus is to highlight a good deal for users. "Average price is a key," he said. "The challenge is to have enough data to provide a variety of options. We are new at this and realize there is a lot of innovation (out there)."

The final session also focused on innovation and featured former Las Vegas Sands CIO Jack Braman with a fascinating look at how the expansion into Macau began and continues today.

As one of the technology executives who laid the groundwork, Braman said, "When you build new properties, it's an opportunity to put in a new technology."

The vision was to transform Macau into Las Vegas. Several government, utility and construction executives came to Las Vegas to visit Braman and his team in the beginning.

Some of the challenges Braman and his team faced included limited bandwidth, unreliable power, no bank interfaces, the need to hire Macau citizens, no gaming advertising, all customers carried mobile phones, the need for systems to support three currencies and two languages, the transportation system could not handle the increased volume, and the lack of low voltage construction professionals.

What they did to face these challenges was establish a brand, get funding, provide a strong management team; mandate documentation of process SOPs; set technology standards and key controls; create solid core systems, mold an exceptionally strong IT team, choose vendors who were ready to step up and get the ball rolling, and the focus to acquire some of the latest technologies. (Some included digital concierge, near-field technology, digital wallet or biometric security and GPS.)

Currently, the gaming, tourism and hospitality industry is estimated to contribute more than 50 percent of Macau's GDP, and 70 percent of Macau's government revenue. Macau has revenues 57 percent higher than the year before, according to Braman.

On that note, it was time to close the conference. Jay Reed with Pillar Hotels and Resorts said, "With all the requests that we as CIOs receive for our time, I can think of no better use of our time than this conference. The networking alone provided incredible opportunities to understand brand standards, compare notes on others' challenges in similar CIO roles, and to compare both strategic and tactical plans. The presentations and format

were great. I look forward to next year."

And we look forward to year 11 as well. For more information on next year's CIO Summit, please go to www.theciosummit.com.

Special thanks to charter event sponsor: Agilysys; event sponsors: SAS, iBAHN, Cenium and HFTP; transportation sponsors: MTech, Cendyn, HTNG, Newmarket and Interactive Sites.

For a deeper look at the 2011 CIO Summit review please visit: www.hospitalityupgrade.com/HUCIO11.



FAVORITE TWEETS -#HUCIO11

Tax implications can be significant when deploying from cloud. Tax Map of global company who built an internal cloud looks VERY confusing.

IHG's number 1 reasons to be 'cloud' were cost savings, improve elasticity, scaling and enriched mobile experience. – Gustaaf Schrijs, IHG

Cloud "hype" is powerful – and it can be misleading.

