



dailypoint™
Central Data Management
by Toedt, Dr. Selk & Coll. GmbH

The future of Hotel Technology

Is the PMS long overdue?

DR. MICHAEL TOEDT



As hotels gear up for the post-Covid hospitality boom, competition will be fierce.

Those that can deliver the best and most personalized, most individualized guest experiences will undoubtedly win the race. And in today's tech-driven world, implementing the right hotel tech stack will clearly be critical to success.

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In this White Paper, we look at why centralizing the Property Management System (PMS) is a flawed approach when evolving the tech stack, and explores alternative solutions that can deliver a truly guest-centric tech environment offering a

¹ Source: dailypoint internal data

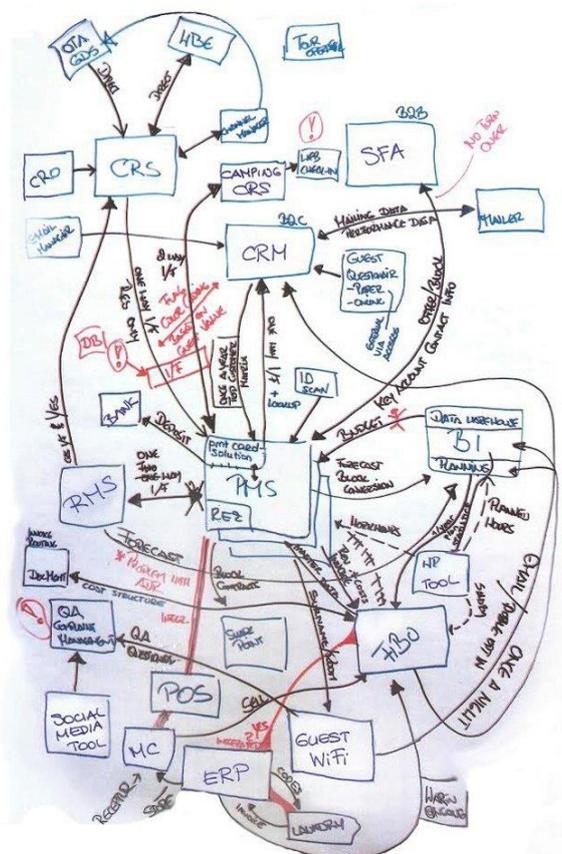
² Source: by Darja Gogunova and Anton Hell (hotel consultant)

wealth of benefits to hoteliers and customers alike.

The background

Traditionally, hotel technology has been complex and fragmented, with a lack of integration resulting in a set-up that's clunky and inefficient at best and non-compliant with data privacy law at worst. In such cases, the myriad of systems needed to run hotels, from the PMS, RMS and CRS to the IBE, CRM and POS, are all disconnected, or mainly poorly connected with no or just very limited data cleaning processes implemented resulting in multiple guest profiles being created – up to 30 on average.¹

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The traditional approach over the last 40 years, with the PMS sitting at the heart of everything as shown in the illustration, the implication seems to be that processes are more important than guests when it comes to the hotel tech stack. Yet research shows this to be untrue. A recent survey by Shiji Group and Travel Singularity found that improving the guest experience is the number one objective for hoteliers when it comes to adopting new technologies³. So why has the PMS been the center point of the IT stack for over 40 years?

A move to the cloud and open API

It has to be said that the hotel industry has been slower than most others to adopt cloud-based technologies and API-enabled systems. The survey quoted above states that 59% of hoteliers still keep at least some of their solutions on-premise, whilst 17% have all their infrastructures working offline. On the other hand, 28% did say they were planning to

migrate all their systems to the cloud in the next two years, with just 6% wishing to stay firmly on the ground.⁴

However, not all cloud-based systems are created equal. And one big problem remains: the PMS. Dr. Michael Toedt, Managing Director at dailypoint™, explains: “Whilst the PMS is important and still needs to connect to the other vital systems, it shouldn’t sit at the center of the IT stack, as this effectively makes the customer experience an afterthought. Instead, the leading system should be the one that stores the central guest profile.

The problem with centralizing the PMS

PMS stands for Property Management, not Guest Management. By making PMS processes such as handling rates, reservations and accounts a priority over the customer profile, hotels are hampering their ability to optimize the guest experience. Even with the most advanced, joined-up API solution available today,

³ Source: Shiji Group & Travel Singularity. [“The current state of technology in hotels and the way forward”](#). July 2021.

both hotels and customers will be disadvantaged.

Why? Because the old problem of multiple guest profiles and data streaming from different sources, with no means of centralization, will remain. Since the PMS is also used for invoicing and accounting, the consolidation of customer profiles is extremely complex and almost impossible when this system is put at the center of the IT stack.

"Today's technologies, particularly open API systems, give us unparalleled opportunities to leverage the power of Big Data," says Dr. Michael Toedt. "By connecting our hotel tech stack in the right way, we have the ability to find out amazing levels of detail about each guest, from the booking behavior and financial background to the individual guest preferences like the kind of welcome gift they'd like to receive on arrival. But without implementing a guest-centric IT system that puts the customer

profile at its heart, this opportunity is at least partly lost.

"What this means in reality is that hotels are losing out on providing the best possible guest experience – in other words, one that is highly personalized. Think sales and marketing initiatives such as highly individualized pre- and post-arrival emails, customer satisfaction surveys, upgrades and special offers, a perfect guest recognition and service on site, plus ongoing campaigns to nurture loyalty and prompt return visits, all tailored to each guest's unique preferences."

So, why not focus on the CRM?

It's true that initiatives such as automated, personalized emails and loyalty campaigns can be managed through the CRM. Indeed, many hoteliers are now choosing to put the CRM at the center of their open-API solutions, rather than the PMS. This may look like a move in the right direction

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on the surface, as CRMs can collect data from multiple communication channels, including off-premise sources such as messages sent via OTAs and social media.

“The CRM is a powerful tool,” admits Dr. Michael Toedt, Managing Director. “But it’s just one cog in a very big wheel since the “M” stands in 99.9% of all

implementations for Marketing. In order to generate a sustainable success from Big Data all departments along the whole customer journey should be included.

Think how much more you can give your customers – including businesses, travel agents and other groups – by implementing a guest-centric, AI-driven Central Data Management (CDM) solution that’s connected to all other systems and



An AI-driven Central Data Management (CDM) solution enables hoteliers to build up detailed guest profiles (Image: canva.com)

departments in real-time. This solution gives hotels the chance to build up detailed guest profiles using insights from all connected technologies, and tailor every single customer interaction along the customer journey.

“A Central Data Management solution is a real CRM, since it’s not limited to marketing or e-communication functions. The M stands for Management and therefore covers all areas of a hotel. It has the ability to push the level of personalized services to new heights across all departments and all touchpoints along the customer journey.”

A highly personalized marketing approach doesn’t just benefit the guest. Research shows that personalized email marketing campaigns created on a 1:1 basis can increase revenues by up to 76%⁵. This is naturally significant to hoteliers, with 69% of those surveyed by Shiji Group and Travel Singularity saying that the ability to increase profits is the key driver when making decisions around adopting

new tech². However, whilst this is certainly important, it must be remembered that marketing is only one area to consider within a guest-centric IT approach.

The importance of clean data

A major disadvantage of solutions that don’t have the guest profile at center is the potential for non-compliance with data privacy laws. The introduction of GDPR in 2018 and the invalidation of the EU-US Privacy Shield in 2020 both had serious implications for hoteliers. The impact of having to manage multiple guest profiles across unintegrated on-premise and/or cloud-based systems can lead to errors and omissions – at a potentially huge financial and reputational cost.

In a ‘traditional’ hotel tech stack, information, correction or deletion requests coming from guests cannot be entirely processed, which means that the vast

⁵ Source: Cendyn & Apaleo. [“10 reasons why the guest profile no longer lives in the PMS”](#). January 2020.

majority of hotel companies aren't GDPR-compliant from a technical viewpoint.

Conversely, a guest-centric CDM can eliminate these problems. By connecting in real-time to all other key solutions, a single, 'clean' version of each guest's profile can be maintained. In turn, this makes it simple for hotel staff to manage data-related requests from clients, such as updating personal details. It also enables one-click deletions, preventing data disputes later on down the line. From a compliance and reputational viewpoint, this functionality is truly invaluable.

A spin-off of this benefit is data accessibility. With just one version of each guest profile held centrally in the cloud, staff and Systems across all departments, hotel sites and brands can be confident they're accessing the right information – and can do so from any location. And because data is communicated in real-time from all systems connected to the CDM, it will always be up to date as well as clean. This saves time and frustration as well as upholding quality and compliance.

CDM – the true successor to the PMS

"Central Data Management, or CDM, is the only realistic way forward for the hotel industry," concludes Michael. "It could even be seen as the 'holy grail,' especially for the many businesses – independents and chains alike – looking to fight back against the increasingly-dominant OTA sector. OTAs have long been taking advantage of the deep customer insights enabled by their own IT stacks, and hoteliers need to catch up and play them at their own game.

"With 'Covid revenge travel' already happening, the time is right to move on from

"Changing the IT stack to become guest-centric isn't just an IT project; it's a change management project which affects almost all departments within a hotel organization," says Dr. Michael Toedt.

centralizing the PMS. And the great news is, the technology is already out there with systems such as dailypoint™ 360° leading the way. Hoteliers have a genuine opportunity to outstrip both OTAs and direct competitors by taking control of their data and, as a result, optimizing both guest satisfaction and revenues.

“Changing the IT stack to become guest-centric isn’t just an IT project; it’s a change management project which affects almost all departments within a hotel organization. It’s therefore a topic that CEOs need to take notice of, as the risk of failure will be high if these essential changes aren’t driven by top management.”

About the author: Dr. Michael Toedt

Dr. Michael Toedt is CEO and Founder at dailypoint™. He is a renowned expert in the field of Big Data and CRM. Michael started his career in his parents' hotel business and the Michelin Star gastronomy. He started his second career in the field of CRM, and in 2005 founded Toedt, Dr. Selk & Coll. GmbH (TS&C). TS&C, today known as dailypoint™, is recognized as a premiere software company and think tank for data-driven management.

In addition to his work at dailypoint™, Michael Toedt is, among other things, a lecturer at the University of Applied Sciences in Munich, Germany on the topic of "CRM in Tourism" as well as a lecturer at Hotellerie Suisse. He publishes books and professional articles in the field of CRM, Big Data and digitalization regularly. In 2016, Michael wrote his doctorate on the influence of communication on sales figures in the luxury hotel industry. In 2021 Michael was listed “One of the 10 Most Promising CEOs” by Industry Era.

For more information, visit www.dailypoint.com/publications



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About dailypoint™ - Software made by Toedt, Dr. Selk & Coll. GmbH

dailypoint™ is the leading Data Management and CRM platform for demanding individual hotels and hotel groups. dailypoint™ collects data from all relevant sources such as PMS, POS, website, newsletter or WiFi and automatically creates a central and consolidated guest profile. In 350 steps, the data is processed and enriched by means of artificial intelligence (AI) to create a guest profile like never before. The cloud-based SAAS solution consists of 16 modules and is complemented by the dailypoint™ Marketplace with more than 170 solution partners. dailypoint™ not only offers measurable marketing, but also covers the entire customer journey and thus supports all departments within a hotel. The integrated Privacy Dashboard is also the central element for the technical implementation of the GDPR.

dailypoint™ is headquartered in Munich, Germany and is sold and supported worldwide directly or through its distribution partners D-EDGE and XNProtel.

For more information, visit **www.dailypoint.com**.



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