2019

HOSPITALITY
CIO
SURVEY
RESULTS

Hospitality Upgrade

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In spite of political and economic uncertainty, strong business activity going into 2019 is supporting sustained levels of investment in technology products, services and resources. That is the primary finding of our survey of hospitality technology leaders – 86 percent of whom are the top technology leaders within their respective organizations – on their 2019 spending plans. Of the respondents, 96 percent indicated either increased spending or maintaining current spending in 2019, while only 4 percent plan to decrease spending. Looking at investment priorities for 2019, Information Security tops the list (and it should be noted that the survey was largely completed prior to the revelation of Marriott's massive Starwood data breach). Rounding out the top five investment priorities are: Digital Transformation, Migration of Enterprise Applications to the Cloud, Big Data (business intelligence, analytics, dashboards, reporting, etc.) and Employee Engagement. Restructuring IT operations came in sixth on the priority list but outsourcing various components of the IT organization is not as popular a trend as we expected. Our survey delved into details of outsourcing plans, along with other intriguing areas of inquiry such as how these organizations are structured and how they do their budgeting and planning. And we took a deeper dive on plans for some specific areas of interest such as payment processing, telecom solutions, guest engagement and the cloud.

2019 Budgeting and Spending

In the 2016 survey, *Hospitality Upgrade* asked if respondents planned to spend more, less or the same on technology in 2017 compared to 2016. This year, HU asked the same question to see if the trend has changed. And the survey says: increases in spending are slowing but still anticipated by more than half, with 54 percent of respondents indicating that they plan to increase spending in 2019 compared to two years ago when 71 percent planned to increase spend looking forward to 2017. In 2016, just under 10 percent of respondents anticipated decreases in spending in the upcoming year (2017). That number has dropped to 4 percent. For next year, 42 percent expect 2019 spending to remain about the same as 2018. The takeaway here is that spending appears to be staying at healthy levels, but perhaps flattening out a bit now that many organizations have spent the last couple of years catching up while the economy and business levels supported the necessary spending.

	2017	2019	
Increasing Spending	71%	54%	Plan to Increase
Decreasing Spending	9%	4%	Plan to Decrease
No Change	20%	42%	

INDICATE WHICH IT/IS BUDGETING AND PLANNING MODEL BEST DESCRIBES YOUR ORGANIZATION:

Separate corporate-level and individual hotel-level budgets and plans.
31%

Enterprise-wide budget and plan that encompasses all IT/IS functions at all levels (corporate, field, hotel, etc.)
44%

25%
Separate corporate-level and hotel-level budgets and plans, but hotel-level plan encompasses all hotels.

Increases in spending slowing but appears at a healthy level.

We also tried to gain additional insight into how organizations budget and plan for technology expenditures. About half of respondents (44%) indicated that they have an enterprise-wide budget and plan that encompasses all IT/IS functions at all levels of the organization (corporate, field, hotel, etc.). Some (31%) have separate budgets and plans for each hotel and for the corporate operation, while 25 percent have a separate corporate budget/plan but a portfolio-wide budget/plan that includes all hotels. It is much more likely for a hotel ownership group or a unified owner/operator to have used enterprise-level planning for the entire hotel portfolio. Hotel operators that manage hotels for multiple owners typically have separate budgets and plans for each hotel.

In the final category of questions regarding budgeting and spending, we asked respondents to provide actual amounts for both their corporate and hotel technology budgets. Like some previous surveys in this area, we found the data to be wildly divergent, most likely due to differences in organizational structure. In the end, there were no conclusions to be gleaned from that data, so we chose not to report it.

Respondents represent more than 9,000 HOTELS (9,023) and over **1M HOTEL ROOMS** (1,056,833).
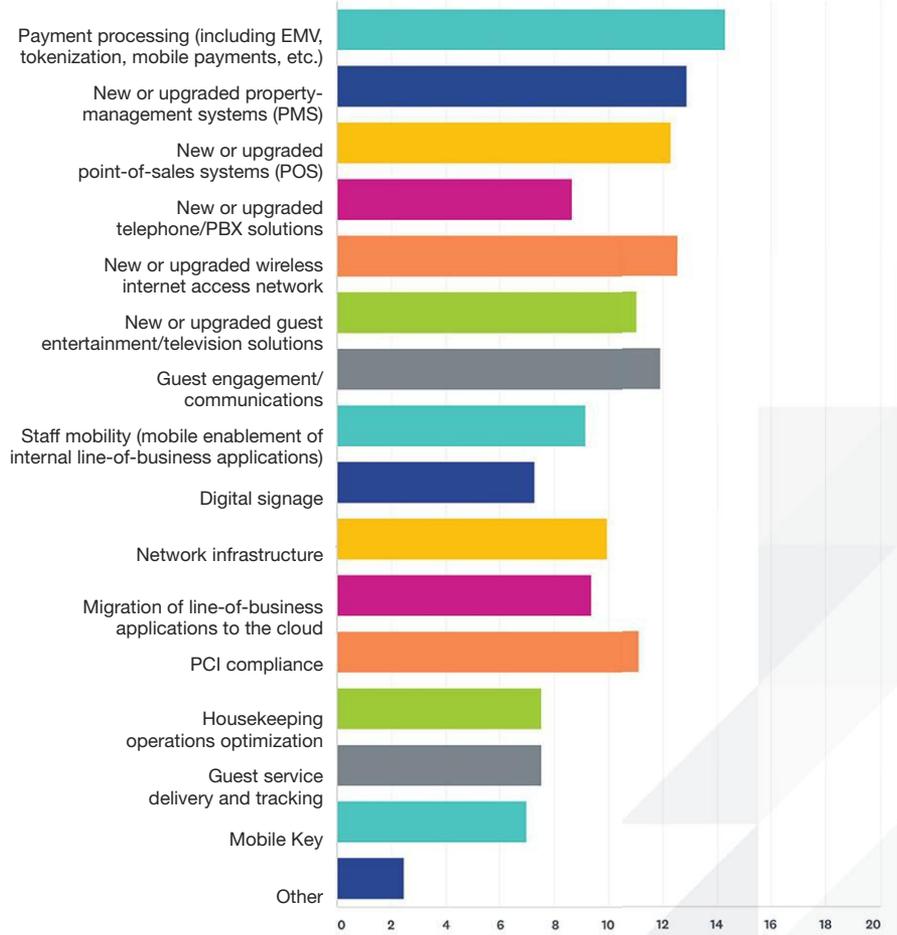
This year we asked respondents to rank the following enterprise-wide technology initiatives in order of importance; Information Security took the top spot in enterprise initiatives, showing the continued importance of this area. Digital Transformation came in second, encompassing a variety of initiatives to reduce paper and streamline business processes. Tied in the third position are Migration of Enterprise Applications to the Cloud and Big Data. Employee Engagement rounds out the top 5, just as it did in 2016.

We asked respondents to indicate their top 5 hotel-level technology initiatives for 2019. Payment Processing — encompassing the complementary technologies of EMV chip-card acceptance, mobile payments, card data tokenization, and point-to-point encryption — came in first in the hotel-level category, continuing the trend noted in 2016 when EMV was ranked as fourth highest overall. Line-of-business applications and guest-facing technology are clearly still a priority, with New/Upgraded PMS and New/Upgraded POS ranking second and fourth place on the list. In guest-facing technology, New/Upgraded Wireless Internet Access Network places third on the list of hotel-level priorities. Bookending the top 5 is PCI Compliance.

2019 HOTEL - LEVEL TECHNOLOGY INITIATIVES - IMPORTANCE RANK

This year's research survey included CIOs and technology leaders responsible for more than 9,000 hotels and more than 1 million hotel rooms. The results of the study reflect that spending on technology is still at a healthy level but possibly slowing somewhat. Of the respondents, 96 percent reported increased spending or maintained current level of spending in 2019. Information security tops the investment priority list. However, payment processing (EMV, tokenization, mobile payments), new or upgraded PMS and POS systems, new or upgraded wireless internet networks, PCI compliance and guest engagement and communications are all planned in the top five investment initiatives for 2019.

This is an excerpt of a 12-page study by Hospitality Upgrade on hospitality technology investments for the coming year.

27% of respondents plan to implement some type of voice-response AI assistant.

(ALEXA, SIRI, GOOGLE, ROXY, ANGIE, ETC.)