



# Hospitality sector offers telecoms resellers a warm reception



**The hospitality sector requires a different approach to doing business, and selling to hotels demands a good understanding of the drivers in this market.**

**W**hile keen to use the latest technology, hotels prefer to spend money on visible guest benefits like good beds and upgraded furnishings. Telephony systems must be able to pay for themselves by providing clear, short-term benefits. "The industry is not awash with funds to spend on IT projects so every penny has to be accounted for. While there is no reluctance to embrace technology, it needs to provide quick return and benefits to the bottom line," comments Peter Gee, Sales Director of Pasporte, a managed services provider, which includes the hotel sector among its client base. Gee says the hotel market is reasonably active: "With several companies realising the asset value of property we are seeing quite a lot of change in the mid-market hotel sector."

Hotels are looking to reduce their costs, and in many cases are turning to outsourcing from providers like Pasporte because

it assists with their cost allocation model of per-room costs and occupancy targets. Gee also points out that guests expect more from hotels these days: "Customer appetite for business technology is increasing. It starts with simple Internet access, but is moving to more valuable services such as IP Telephony, video on demand and conferencing solutions."

Gee says this drive to improve customer services means companies that can deliver back-office IT systems that also help enhance customer services will stand the best chance of succeeding. "Diligence in building a detailed business case is essential in this sector, as investment is often driven by consolidation or divestment of the business," he points out. "It is also a two-tiered business model, asset-based and revenue-based, and it's important to realise how these operations integrate together. There are lots of companies providing specific solutions in this sector, such as reservations, Internet and wi-fi providers, but we have not seen

many companies providing a complete IT solution that integrates back-office operations with customer-facing systems. This is truer in the mid-market, where companies we have spoken to struggle to find a trusted IT partner that can meet the specific needs of the business."

Most hotels are looking for customised systems and attention to detail counts highly. They also want telephony products, particularly handsets, that will be durable. Charles Williams, manager of telephony manufacturer Interquartz, says hotels are looking for very high quality products when it comes to build quality and performance. "Interquartz phones are built to last," he says. "The plastic casing is thicker than the average telephone, the keypad buttons are double dial injected so the numbers never fade, and the bottom of the phone is fitted with non-slip rubber feet."

Williams agrees with Gee that hotels are employing technology such as flat screens and wireless broadband access in order to enhance their guests' experience. "The hotel business is an excellent margin sector for distributors and resellers," he comments. Being able to customise products is important and represents ongoing revenue streams for resellers, because hotels invariably change their names and facilities and new programming is often required.

Eric Rogers, Senior Sales Manager, EMEA, at manufacturer Teledex, says there are good opportunities in the hotel sector. In addition to telephony installation itself, demand for high speed Internet access is an extra sales opportunity for resellers, he points out. Many hotels are using revenue share solutions, from companies like Swisscom and IBahn, but with many of these agreements now nearing an end, hotels are looking to buy solutions outright.

Teledex sells through a number of resellers in the UK and Rogers says

the company prefers partners with a clear focus on the hotel market. "Hoteliers are very aware of the people who know their markets," he says. Size doesn't matter – Teledex works with resellers big and small – but Rogers says it's about working with resellers who are prepared to invest time to target this market.

There are clear drivers for hotels when it comes to buying telephony systems, both to run their own business and to provide services for guests, but as a sector, hotels do not tend to be at the leading edge of technology investment. "As a business, hotels don't need particularly high spec stuff," comments Rogers. "And until recently, the equipment in guest rooms tended to be old-fashioned analogue handsets, because there is a perception that there is little need for a huge amount of technology in a hotel room."

Moving towards digital equipment can be complex for hotels. "They can get good prices on the PBX, but what's important is what's in the guest room, and the drive towards IP and online content is now fuelling a debate about whether to put that content on a phone or on television," points out Rogers.

While it may seem logical to put functions on TV, in fact, the development of good screens for digital phones has helped a move towards putting content on phones – as long as it is clear and easy to use. As a specialist supplier of handsets to hotels, Teledex feels it has the edge in this area over other manufacturers, with its own focus on ease of use.

Rogers anticipates considerable developments of digital systems for hotels. Some resellers are developing their own content to put onto digital systems, while others prefer to resell content developed by others. Either way, hotels can provide a good business, says Rogers.