COVER STORY

The power of cloud computing

Every year, clever technological concepts enter into the market to tackle issues, solve problems, ease operations and keep the industry vibrant. Out of all the new trends in the hospitality industry, 'Cloud' has been one of the most talked about, discussed, debated and adopted. **Shweta Ramsay** unravels the benefits of the Cloud-platform

Thursday, July 03, 2014, 16:30 Hrs [IST]

Cloud computing has today become the phrase du jour. The term cloud is used as a metaphor for the Internet and is an abstraction of the complex infrastructure it conceals. The 'Cloud' simplifies the many network connections and computer systems involved in online services. Any user with an Internet connection can access the cloud and the services it provides. Since these services are often connected, users can share information between multiple systems and with other users.

The term came from the cloud symbol that network engineers used on network diagrams to represent the unknown (to them) segments of a network. Marketeers further popularised the phrase 'in the cloud' to refer to software, platforms and infrastructure that are sold 'as a service', i.e. remotely through the Internet. The major models of cloud computing service are known as software as a service (SaaS), platform as a service (PaaS), and infrastructure as a service (IaaS). These cloud services may be offered in a public, private or hybrid network. Google, Amazon, IBM, Oracle Cloud and Microsoft are some well-known cloud vendors.

Cloud: The new wave in hospitality business

Traditional business applications have always been complex and expensive. The amount and variety of hardware and software required to run them are daunting.

Cloud computing is already changing the way things work in the hospitality industry. Some of the advantages of using Cloud based technology is that it delivers faster time-to-value, requires minimal up-front capital expense, minimises operational costs and saves on human resource. Also, there is heavy scope of return on investment (RoI), since the subscription charges for a Cloud technology is much lesser than the investment required for in-house technology such as hardware, software, licensing, office space, racks, Annual Maintenance Contracts (AMC), Electricity, Manpower and others.

Kiran Pandey, IT Manager, Holiday Inn Mumbai International Airport explained, "Earlier there were limitations in accessing internal PMS (Property Management System) and POS (Point of Sales) system but with Cloud there are no limitations or challenges with regards to accessibility of any system as most of the cloud applications are web based and can be easily accessed through Tablets and Smartphones. Eg: Front desk team can take 'check-in/check-out' at any place in lobby whereas restaurant stewards can take and punch order on guest table itself. And most important for management is operation runs in less manpower with great guest satisfaction which all hotel management wants."

RAJESH KR GUPTA
General Manager,
The Orchid Mumbai

Rajesh Kr Gupta, General Manager, The Orchid Mumbai said, "Cloud computing has changed for sure the way things function. There are various examples like the Global Distribution System (GDS) and other forms of reservation enablers available on the cloud. Also, online marketing has seen a tremendous spurt since the advent of cloud computing. Various Cloud based applications are seen and have been used in recent times for booking hotels, air tickets, holidays and more. These are the changes which will further enhance and improvise the way the hospitality industry functions."

One of the great advantages of Cloud based solutions is that it stops the hotel from having to manage the underlying infrastructure. Traditionally, when offering an application to the operation one would need to provide and administer the servers that the application runs on. There is no real competitive advantage in doing this; the advantage comes from leveraging the application to drive efficiencies from it. Companies that take advantage of this can drive a benefit from having their resources focus on using the applications to manage the business rather than incurring cost for administering the infrastructure.

Adopting the Cloud

Regional and global hotel chains are generally amongst the first to adopt newer technologies such as cloud computing solutions. Smaller independent properties are more cautious and likely to be more concerned with the immediate upfront costs of new technologies instead of the lifetime benefits advanced, automated solutions can bring.

SANJAY NAGALIA
Chief Operating Officer,
IDeaS

Commenting on how receptive the hotel industry is towards Cloud based solutions, Sanjay Nagalia, Chief Operating Officer, IDeaS opined, "Overall, cloud computing is becoming increasingly popular and usage is more widespread across the hotel industry. Property managers recognise that cloud based software can deliver operational efficiencies, long term cost savings and also allow them to interact better with and appeal more to increasingly tech savvy guests."

BINU MATHEWS
CEO,
IDS Next Business Solution

Binu Mathews, CEO, IDS Next Business Solution stated, "The trend towards cloud based solutions is only getting more aggressive. There is hardly a need to make a case for Cloud based solutions as the hospitality industry is already using it in areas like distribution. Hotels are already selling their rooms through OTAs (online Travel Agents), GDS and corporate portals. Many hotels are selling rooms through the web booking engine located on their website. Hotels are also using other solutions like online reputation management, loyalty management and others that are Cloud based."

Today, when it comes to accessing cloud solutions, hotels are using loyalty solutions, business intelligence, revenue management, online reputation management, emailing tools and even a few modules of the property management solutions. This simplifies operations for hotels, introduces a whole range of flexibility and transparency, real time access to information for hotel staff, and enables them to work faster and respond to guests better.

Closer look at cloud solutions

Many hotels across the globe are adopting cloud based solutions to get rid of the cumbersome hotel management system which requires a lot of hardware and manpower to support operation.

2

Jeremy Ward, Sr Vice President Information Technology, Kempinski Hotels clarified, "In theory the operations team should see no difference from a Cloud based solution to an in-house one, ultimately the operations department wants to use the application. You tend to have a greater Service Level with Cloud applications so the end user sees less interruption to the application but the real benefit comes at the IT and commercial level and the lack of administration required to offer the application or infrastructure."

JEREMY WARD
Sr Vice President
Information Technology,
Kempinski Hotels

PRAVIN PANDEY
IT Manager,
Jaipur Marriott

Pravin Pandey, IT Manager, Jaipur Marriott elucidated, "Cloud computing can be a very powerful tool for hospitality as the service providers like Amazon, Microsoft have a Service Level Agreement (SLA) of 99 per cent uptime. Also, the maintaining of records, databases are online which means they can be accessed anywhere irrespective of the location and the reporting functions are quicker as they can be directly accessed by anyone with genuine credentials from any location. With cloud computing the systems is online 24x7 which is the first priority of any hospitality industry. Also, the updates and upgrades can be scheduled in such a way so as to minimise the impact on operations as most of the service providers have some kind of backup systems in place for switch over. Also, the resolution time in cloud computing is quite less as against in-house solutions as there is someone monitoring the systems and is always available irrespective of the time zone."

In an increasingly mobile world, one of the greatest advantages offered by cloud technologies is that it provides hotel managers the ability to access key booking and operational data, including demand forecasts, from anywhere at any time. Cloud solutions also offer the flexibility of quickly and easily scaling up or down to the required level of storage space and processing speed, which is vital for hotels in the current climate of massively increasing data. Cloud based solutions offer hoteliers a seamless user experience through their ability to better integrate with partners through single-sign on functionality.

Critically, cloud solutions also have better disaster recovery systems in place than found within a hotel's own traditional IT set-up meaning that important operational and guest data is not lost. Cloud systems can also be deployed rapidly with little to no delays for system activation once subscriptions have been processed. This is a vast improvement over technologies that require manual hardware installation.

RAJESH KUMAR KOTTA
CEO & Founder,
eZeeCloud

Rajesh Kumar Kotta, CEO & Founder, eZeeCloud said, "The cloud-based system is the way to take the hassle out of IT infrastructure management, wherein hoteliers can concentrate on their core business. Cloud-based SaaS is cost efficient, as it requires no upfront software licence cost, no upfront hardware cost, no operating system and anti-virus cost, nor IT team cost. Critical to eZeeCloud's high reliability is the redundant systems in place to ensure smooth operation in the event of failure or breakdown of one or more infrastructure components. Redundant hardware devices, disk drives, network connections, power supplies and software components are in place to continue delivering services transparent to the end user. Also, we understand how important security is for hoteliers and guests. We back the technology with an experienced team of systems and security experts who follow proven administration procedures to safeguard application and data," he added.

Concerns of the Cloud-platform

There have been concerns from some hoteliers around the possibility of a cloud-based technology solution going down and the potential of being unable to address issues because systems are not stored onsite. Some hoteliers are also apprehensive about utilising cloud based technologies because of fears around the security of the data stored in the Cloud.

Addressing these concerns, Nagalia mentioned, "Hoteliers need not be worried as cloud-based systems are hosted on powerful servers and the chance of them going down is very slim. Additionally, data is constantly being backed up in the cloud and can be easily recovered, even if a local computer network crashed. However, what hoteliers should be aware of is that most cloud-based companies put huge resources towards encrypting and securing data, which means that most data stored in the cloud is even better protected than the data stored by hoteliers themselves on their own severs / behind their own firewalls."

According to Mathews the only limitation right now is the Internet penetration in India. Not all parts of the country have high quality internet connectivity like metros of Delhi, Mumbai, Kolkata, Hyderabad, Bengaluru and Chennai. The disruption of internet means the hotel experiences downtime and cannot access the solution. However, this is set to change in the next two to five years.

Safety is a legitimate concern when it comes to 'cloud' as critical data is stored on the cloud and a security breach can mean the loss of critical data like credit card details and more. Today most service providers are extremely conscious about security issues and usually have two- three layers of security, including firewalls, intrusion detection systems, and SSL encryption that are constantly tested to locate weaknesses and potential breaches.

Ward claimed, "Security is, of course, an important factor when looking at any Cloud solution. You need to know who your provider is and where they are hosting the application from. When we look at the virtual security you also need to look at items such as two factor authentication, PCI compliance, logging and reporting. If you work closely with your supplier you can implement significant and sufficient security measures. The same is true for data privacy, in most cases you need to conform to local regulations."

Patel said, "Safety security along with guest data privacy is a big concern today. It starts from Cloud data hosting to users who are going to access those data. Most of the things can be handled by taking appropriate actions and SOP's at user level."

Gupta further confirmed that today majorly all the banks and financial institutions are on cloud, thus emphasising the fact that the security level of data centers are indeed secure. Banks will never compromise any breach or intrusion into guest data. So it's high time that hotels too, lay to rest their concerns, of security and privacy of data and take a positive step ahead.

Pandey expressed, "Another major disadvantage with cloud computing is that the company is always dependent on a third party as all data is stored directly on the service provider servers. There is no control over any kind of data flow-through by the parent company. Also, since the servers are online there can be major security breaches like hacking and data theft which could lead to serious consequences in the hospitality sector."

Way forward

The abundant supply of information technology capabilities at a low cost offers many enticing opportunities. Like any new technology advancement, Cloud computing also creates disruptive possibilities and potential risks.

Commenting on the use of Cloud computing in the coming years, Mathews said, "In the coming years, we will see hotels using more and more of the Cloud. IDS Next in fact is actively developing its entire Hotel ERP into a cloud ready offering. This is undoubtedly a herculean task, but it is well underway. When this happens it will be a revolutionary offering with end to end hotel operations – Front office and back of the house seamlessly accessed through the cloud. The agility, transparency and accountability of a Hotel ERP (Enterprise Resource Planning) like this will empower hotels with a new level of efficiency.

Nagalia exclaimed, "Cloud computing solutions will continue to become more widespread across the hotel sector. As cloud technologies become more affordable and accessible, the usage benefits of cloud solutions will be better recognised by smaller, independent properties. In coming years, this section of the market will see the biggest growth in uptake."

Cloud is expanding all over the globe. Cloud hosting providers have a lot to consider when deciding where to invest infrastructure, but it'd be foolish not to recognise that the transition is happening everywhere. It is definitely the time to embrace the cloud.