Starting a lodging business

The complete technology guide

Cloudbeds

In today's fast-paced world, the lodging industry relies on technology to meet the evolving demands of guests and stay ahead of the competition. From managing finances to running front-office operations and enhancing the overall guest experience, the most successful properties share a common trait: they are backed by a solid technology foundation.

As you start researching and planning your new business, carefully consider what technology you'll need. The industry has undergone a rapid digital transformation in recent years making technology more accessible than ever before. As a new hotelier, you have the advantage of being supported by leading technology off the bat, giving your property the best shot at success in a competitive industry.

Ensure that you're not just planning for the immediate future but investing in a long-term solution that can support you as your business grows. The right technology will empower your staff, streamline operations across departments, drive revenue, and support the evolution of your business.

This comprehensive guide features first-hand experiences from hoteliers who have been through this process, along with advice from industry experts to help you avoid common pitfalls and better understand technology's role in your business, what you should invest in, and how to choose the right solution.
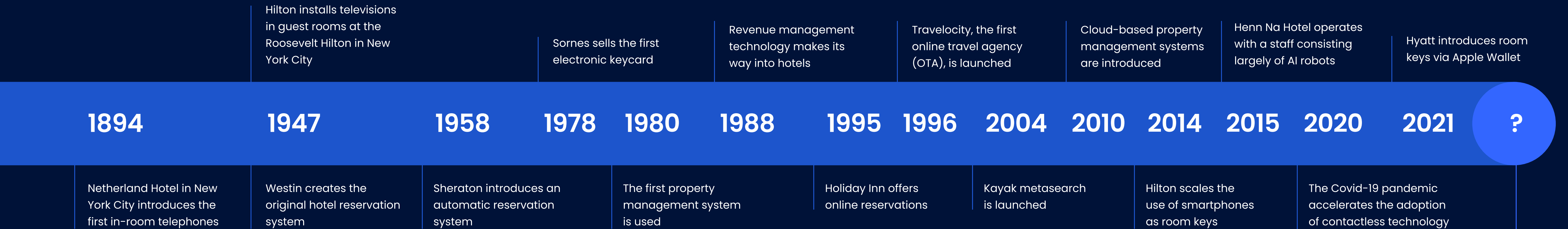
Contents

The evolution of hotel technology

Technology has profoundly impacted the hospitality industry, from the introduction of in-room telephones in 1894 to the emergence of AI robots in 2015. While some trends have come and gone, numerous innovations have stood the test of time and become essential in hotels worldwide.

Hilton installs televisions in guest rooms at the Roosevelt Hilton in New York City

Sornes sells the first electronic keycard

Revenue management technology makes its way into hotels

Travelocity, the first online travel agency (OTA), is launched

Cloud-based property management systems are introduced

Henn Na Hotel operates with a staff consisting largely of AI robots

Hyatt introduces room keys via Apple Wallet

1894 **1947** ? **1958** **1978** **1980** **1988** **1995** **1996** **2004** **2010** **2014** **2015** **2020** **2021** **?**

Netherland Hotel in New York City introduces the first in-room telephones

Westin creates the original hotel reservation system

Sheraton introduces an automatic reservation system

The first property management system is used

Holiday Inn offers online reservations

Kayak metasearch is launched

Hilton scales the use of smartphones as room keys

The Covid-19 pandemic accelerates the adoption of contactless technology

What do you predict will be the industry's next big innovation?

The interconnected hotel ecosystem

The hotel ecosystem is a complex network of interconnected departments and processes that work together to drive the success of the overall business. To thrive, hoteliers must prioritize technology from the start to create an infrastructure that supports every department, from the front desk to housekeeping and guest services. By investing in the right technology, hoteliers can establish a solid foundation that supports growth, adaptability, and operational efficiency.

Hardware

Channel Manager

GDS

CRM

Accounting

BI

Revenue Management

PMS

Analytics

API

Booking Engine

CRS

Housekeeping

Payments

Metasearch

Payments

Guest Communication

Legacy vs. modern hotel software

When choosing technology for your hotel business, you can opt for either legacy (on-premise) or modern (cloud-based) technology.

Here we've provided a comparison of the two options.

Expert advice

We recommend all our clients opt for cloud technology because it's a cost-effective choice that enhances operational efficiency and customer satisfaction. Cloud-based solutions can be safer, ensuring business continuity in the case of any localized problems. The innate flexibility of such solutions offers access from any location allowing for real-time and remote management.

Sebastien Olive, Co-founder of Olive & Lake, a Hotel Consultation & Digital Marketing Agency

Legacy software	vs.	Modern software
Can be integrated with external systems but requires complex, time-consuming, and expensive processes.	Scalability	Easy integration via open APIs (often vendors have integration partners that offer a wide variety of services and tools)
Expensive upfront investment for hardware, licenses, maintenance, IT staff, and training.	Cost	Subscription pricing model (usually offered on a monthly basis) that includes most requirements.
Requires technical setup for remote access.	Access	Can be accessed from any device with internet connection.
Slower time to market and requires expertise, support, and training to set up.	Adoption	Relatively quick and simple to implement.
A steep learning curve, and it can take time to train new hires fast.	Usability	User-friendly with an intuitive interface, making it easier to train.
Lengthy development cycles with expensive and infrequent updates.	Upgrades	Frequent product updates, enhancements, and offerings.
Relies on secure networks, anti-virus programs, backup servers, and hard drives (lodging operator's responsibility).	Security	Relies on antivirus software, PCI compliance, and secure SSL encryption (vendor's responsibility).
Requires on-property hardware like data servers, workstations, and hard drives.	Hardware & Software	Hardware and software are housed by the vendor but require devices with internet connectivity.
Data is stored on an on-property server.	Deployment	Data is stored in the cloud.

South Wind Motel gives travelers a revived and reimagined mid-century motel experience

The [South Wind Motel](#), located in the historic German Village just south of downtown Columbus, Ohio, is a 22-room property that gives travelers a revived and reimagined mid-century motel experience. The motel, initially built in 1959, was bought by Michael Kelley and renovated to include contemporary touches.

Results:

› 600+ contactless check-ins
› 4.9-star rating on Google
› No staff on-site after 8 pm

> Technology has allowed us to handle guest communication remotely; we won't need to be behind a desk which has been super helpful for keeping our labor costs down.

Why start a hotel?
Michael had participated in multiple development projects in Columbus and saw a gap in the market – he wanted to bring something unique to his community.

Top priorities when choosing technology
Michael purchased an existing motel that hadn't been changed much since 1959 – he knew there was little that could be reused both physically and technology-wise. What he really wanted was a reliable, safe, and trusted technology partner.

Important tools and features
Michael wanted to provide a modern experience and knew self-service technology would play a big role in delivering a unique guest experience and reducing operational costs.

Guest-facing technologies
The South Wind Motel offers self-check-in and keyless entry. Guests receive a text the morning of check-in to gather all necessary information through a form link. From here, they're sent an access code to open their room.

Continuing tech investments and optimization opportunities
Michael plans to optimize their rate plans using Cloudbeds' Pricing Intelligence Engine (PIE) to further increase their average daily rate (ADR).

4 technology trends for new hoteliers to capitalize on

New hotel owners have a unique opportunity to capitalize on emerging technology trends at their property before they're widely adopted across the industry. Here are a few to consider.

#1

Independent properties are prioritizing technology

In 2023, Cloudbeds' State of Independent Lodging Report found that within the next two years, hoteliers plan to add or upgrade the following technologies:

1. Guest engagement technology
2. Website design & digital marketing
3. Mobile keyless entry & pre-check-in
4. Frictionless payments
5. Pricing & revenue management solutions

How new hoteliers can capitalize on this trend:
By considering the above technology solutions before opening, new hoteliers can create a tech-forward environment from the start. While existing hoteliers are busy figuring out how to integrate these new technologies, you can start enabling personalized guest interactions, establishing a strong online presence, and creating seamless experiences.

Get access to traveler booking data and insights from independent properties around the world.

Download the report

Trend #2
The front desk goes virtual

Automation technology, including mobile check-in and checkout, digital keys, guest messaging solutions, and chatbots, are removing the front desk barrier and allowing hoteliers to deliver experiences in unique ways (and guests the freedom to self-serve).

How new hoteliers can capitalize on this trend:
New businesses have the advantage of deciding how hands-on they want to be with guests and can select technology with contactless options. By embracing automation, lodging operators can reduce operating costs, decrease dependency on labor, and provide efficient and convenient services to guests.

Trend #3
Labor shortages remain

Today it takes on average 5.5 weeks to fill job openings compared to just 2-3 weeks in previous years. Skift warns that this trend "could indicate a permanent shift in the market, and hoteliers need to rethink how they staff positions."

How new hoteliers can capitalize on this trend:
Lodging operators opening during this challenging hiring market can put the technology and processes in place upfront to automate select roles. By carefully examining expected operations, hoteliers can identify touchpoints that can be automated, increasing efficiency and reducing the pressure to hire every role immediately.

Hotelier's point-of-view

We have shown some of our housekeeping staff how to use Cloudbeds so that I can have someone covering the front desk when there are breaks - it works really well. People understand the system really quickly. We show them how a check-in works, how to take a payment, and make a booking. We can cover different types of work for different staff members.

Marco Leibundgut, Co-Founder of the Bogentrakt Hostel

Trend #4
Increased accessibility to tech

Technology once reserved for large chains and brands is more commonplace across independent properties of all sizes. Revenue management technology, for example, cites Cloudbeds CEO Adam Harris, "is far more accessible for all lodging operators thanks to developments in machine learning, automation, and AI ." This rings true for a myriad of other solutions, including payments, digital marketing, and guest engagement.

How new hoteliers can capitalize on this trend:
Lodging operators can take advantage of technology solutions in areas such as revenue management, point-of-sale systems, and digital marketing. By harnessing these technologies, they can significantly impact their business results and compete on a level playing field with more established properties.

The basics of modern hotel **technology**

Owners must equip their properties with modern hotel technology to ensure efficient operations and exceptional guest experiences. In this section, we explore the basics of hotel technology, focusing on the essential software solutions for operations, key features to look for, and crucial guest-facing technologies that can enhance guest satisfaction.

Essential software for **hotel operations**

When looking at software solutions for your new property, we recommend that you find a complete hospitality solution that offers most, if not all, of the tools you need. This not only ensures that your systems are integrated and working in sync but that you and your team only have to manage relationships with one vendor, as opposed to multiple.

The following software is essential for any new lodging business.

Expert advice

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To sell rooms effectively online, new hoteliers must invest in a Property Management System, a Channel Manager, and a Booking Engine. We recommend opting for a solution that includes all three in one package, as it simplifies the setup process and reduces maintenance costs. Additionally, a professionally designed website is vital as it serves as a platform for commission-free direct bookings, increases profitability, and helps to enhance brand identity.

William Lake, Co-founder of Olive & Lake, a Hotel Consultation & Digital Marketing Agency

Property management system (PMS)

The core software that handles front desk operations, reservations, room inventory management, housekeeping, guest profiles, billing, and reporting.

Channel manager

A tool that manages rates, availability, and bookings across your website, various online travel agencies (OTAs), and distribution channels, ensuring you don't overbook reservations and have access to accurate and real-time information.

Booking engine

A direct online reservation system integrated with the hotel's website, enabling guests to book rooms directly without intermediaries, increasing direct bookings and revenue.

Revenue management tool

Software that analyzes market demand, competitor rates, and historical data to optimize pricing strategies and maximize RevPAR.

Guest engagement

A platform that facilitates guest engagement and communication with meaningful touchpoints from discovery to post-stay.

Website builder

Software that allows the creation and management of a visually appealing and user-friendly hotel website, providing essential information and enticing online bookings.

Payment solution

Secure and reliable payment processing software that provides easy payment methods across card types and devices.

Accounting and finance

Automate and synchronize your accounting processes, such as reconciliation, invoicing, pay runs, and reporting.

Govenrnment integrations

Ensures that you're adhering to local tourism requirements.

Features to look for in **hotel technology**

When selecting technology for your hotel, your solution(s) should include the following features to ensure efficient, scalable operations.

Hotelier's point-of-view

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We initially used an on-premise system and had to fly back and forth between properties to check on performance. Once we made the switch to a cloud-based platform, it was a wow moment. We were able to see what was happening across the world, which gave us more control and helped us to grow.

Kristy Espat & Victor Tofan - Owners of Hotel am Markt Munich and Palla Boutique Hotel

Cloud-based
Cloud-based technology offers numerous benefits, including accessibility from anywhere with an internet connection, automatic updates, scalability, and cost-effectiveness.

Integrated
An integrated solution allows different tools to seamlessly communicate and share data, streamlining operations and eliminating the need for manual data entry and duplication.

Intuitive
User-friendly and intuitive interfaces ensure that staff can quickly learn and utilize technology without extensive training, minimizing the learning curve and maximizing productivity.

Open APIs
Open APIs allow for easy integration with other systems and applications, enabling lodging operators to leverage various third-party tools and services to enhance their operations and increase efficiency.

Support & training
Look for technology providers that offer robust support and training resources to ensure a smooth implementation and ongoing assistance to address any issues or questions that may arise.

The Pad's innovative hybrid hospitality model revolutionizes the North American market

[The Pad](#), located in Silverthorne, Colorado, was co-founded by Lynne and Rob Baer and combines the best of hotels with the best of hostels offering travelers a range of accommodations types ranging from dorm-style bunks to deluxe private rooms with various amenities like a guest kitchen, rooftop hot tub, and onsite bar.

Results:

> 60% direct bookings in year 1
> 95% guest rating with 1000+ reviews
> Impressive click-through and low cancellation rates on OTAs

> We encourage other hoteliers and lodging operators to continually innovate; it's really the experience that guests have while they're at your property where you can get them excited about where they're staying.

Why start a hotel?
Lynne and Rob had a love for travel and wanted to bring that passion to Silverthorne. Their goal was to create a place that fostered a social style of travel - which they did by combining their favorite things from hostels with their favorite things from hotels.

Top priorities when choosing technology
When first researching solutions, Rob found that a lot of technology was geared more toward standard hotels and knew that they would need something a little more modern and versatile to support their different room styles.

Important tools and features
The system had to be cloud-based and have the functionality to support multiple room types.

Guest-facing technologies
The Pad currently uses automated pre-arrival guest registration forms to streamline the check-in process.

Continuing tech investments and optimization opportunities
Rob and Lynne want to continue improving the guest experience by streamlining communication between guests and staff.
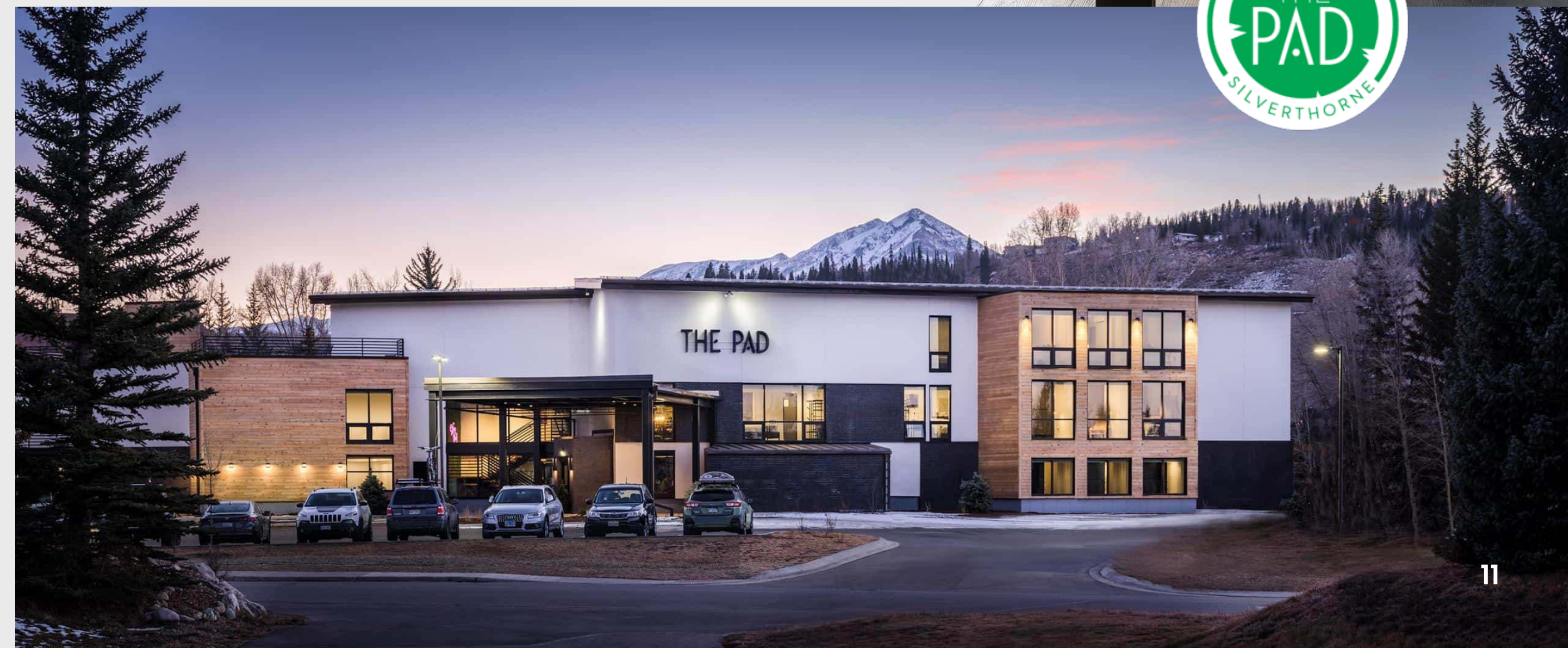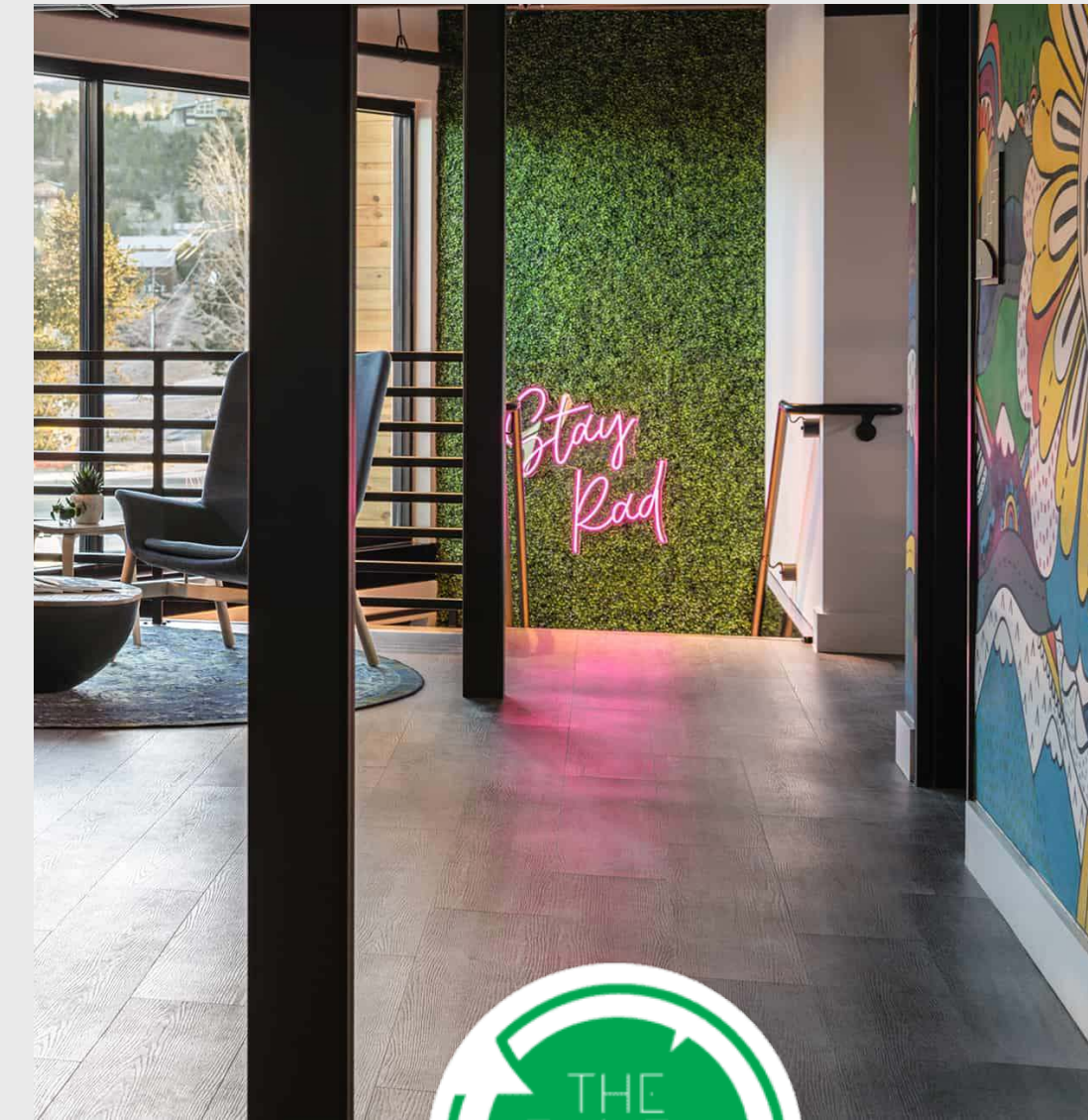
Essential guest-facing technology

After solidifying the technology that will support your hotel's operations, the next area to look at is guest-facing technology. Depending on your guest segments, essential will mean something different for every property. Here are a few features to consider.

Hotelier's point-of-view

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We're a good team because I (Victor) am very experimental while Kristy is more practical - we've been experimenting with different guest-facing solutions like QR codes to book reservations and order food, Whatsapp messaging, online check-in, and more. We recommend giving people options and driving them to technology in a way that feels natural – we don't want to over-digitize things.

Kristy Espat & Victor Tofan - Owners of Hotel am Markt Munich and Palla Boutique Hotel

Free, high-speed internet
Free, reliable, and fast internet access is non-negotiable today. Guests want to stay connected, work remotely, and enjoy seamless browsing and entertainment. According to a survey from Spectrum Enterprise, one of the top technology complaints hoteliers hear from guests is slow, unreliable wifi.

Entertainment & smart devices
A Skift survey found that 75% of millennial travelers try to connect their devices to a room's TV. Hoteliers need to offer the right technology to allow guests to connect and stream their personal devices to in-room amenities such as TVs, speakers, or even lighting systems, providing a personalized and comfortable environment.

Mobile key & keyless entry
Implementing mobile door lock systems enables guests to use their smartphones as digital keys, streamlining the check-in process and eliminating the need for physical keycards to enhance convenience.

Lobby & communal spaces technology
With a reduction in wait times thanks to keyless entry and mobile check-in, hoteliers can reimagine the use of lobbies and public areas. Depending on your concept, you can implement coworking spaces (with screens, charging stations, etc.), a screening room for movies and karaoke, or a social space with TVs and games for guests to connect.

Messaging via WhatsApp, Messenger, and SMS
Offering various communication channels allows guests to interact with hotel staff efficiently, whether for inquiries, requests, or assistance, providing quick and personalized responses for a seamless guest experience.

Can I request a late check out?

We're happy to accommodate that!

Wonderful! Thanks!

By this point, you should understand how fundamental technology is to the success of hotels. Selecting the right solution should not be taken lightly. It is essential to carefully evaluate your hotel's technology needs and choose a solution that aligns with your requirements and goals for the future. By identifying the key considerations and conducting a thorough assessment, new hoteliers can make informed decisions that empower them to leverage technology effectively.

A step-by-step guide to choosing the right solution

Step #1 — Identify your requirements

- ☐ Clearly define your hotel's technology requirements
- ☐ Ensure you have short and long-term business goals identified and understand how technology will play a role in achieving them
- ☐ Define your budget and timeline

Questions to ask during this stage:

- What types of guests will we cater to? How will this impact our technology?
- What type of technology do we need in the short and long term?
- What specific modules do we need based on our property type and services?
- What are the most important features we need? What are nice to haves?

Step #2 — Form your buying committee

- [ ] Identify key stakeholders from various departments
- [ ] Ensure your buying committee is on the same page in terms of requirements
- [ ] Establish clear communication channels and decision-making processes
- [ ] Define roles and responsibilities

Questions to ask during this stage:
- Who on my team has the expertise and experience to help with the selection process?
- Would hiring an outside consultant to help with this process be worthwhile?
- Who should be involved in demo calls with potential vendors?
- Who is the ultimate decision maker?

Expert advice
"

The market for hotel management and distribution solutions is very saturated with 100s of providers. We advise our clients to think about their needs and whether the proposed solution will help them to meet these needs. Ultimately, you should consider something that will help you to save time, improve your guest experience, and increase your revenue.

Sebastien Olive, Co-founder of Olive & Lake

Step #3 — Research and shortlist

- [ ] Utilize online resources such as Hotel Tech Report, Capterra, and Software Advice to create a list of potential solution providers
- [ ] Reach out to peers to ask about their experience with different solutions and vendors
- [ ] Review customer testimonials, case studies, and reviews to gain insights into each of your shortlisted platforms

Questions to ask during this stage:
- Have the vendors I'm considering worked with properties like mine before?
- How are customers speaking about each vendor? Do I have any concerns?
- What solutions are my competitors using?

Step #4 — Compare and evaluate

- [ ] Book demos with your shortlist of vendors to compare technology solutions, feature specifics, pricing, contract terms, support services, and timelines
- [ ] Evaluate the support, resources, and training services offered by the vendor for both the technology and your staff
- [ ] Inquire about the vendor's product roadmap and process for introducing new features and updates

Questions to ask during this stage:
- What vendor's pricing model makes the most sense for the business? Are there any additional fees for channel connections or reservations?
- Can our timeline be met?
- How heavy of a lift will the implementation be on our team? Do we have the resources to handle it?
- What solutions will support us now and in the future? Are there integration capabilities, open APIs, multi-property management, etc.
- Will any of the solutions require customization and/or additional IT resources?

Simplify your software research and evaluation with a feature comparison checklist.

[Download]

Cloudbeds
Hospitality Platform Comparison Checklist

An implementation **timeline**

So, you've picked the perfect solution for your hotel business and are ready to get started - congratulations! Next comes implementation and, ultimately, management of your platform. Here we've identified a typical implementation timeline.
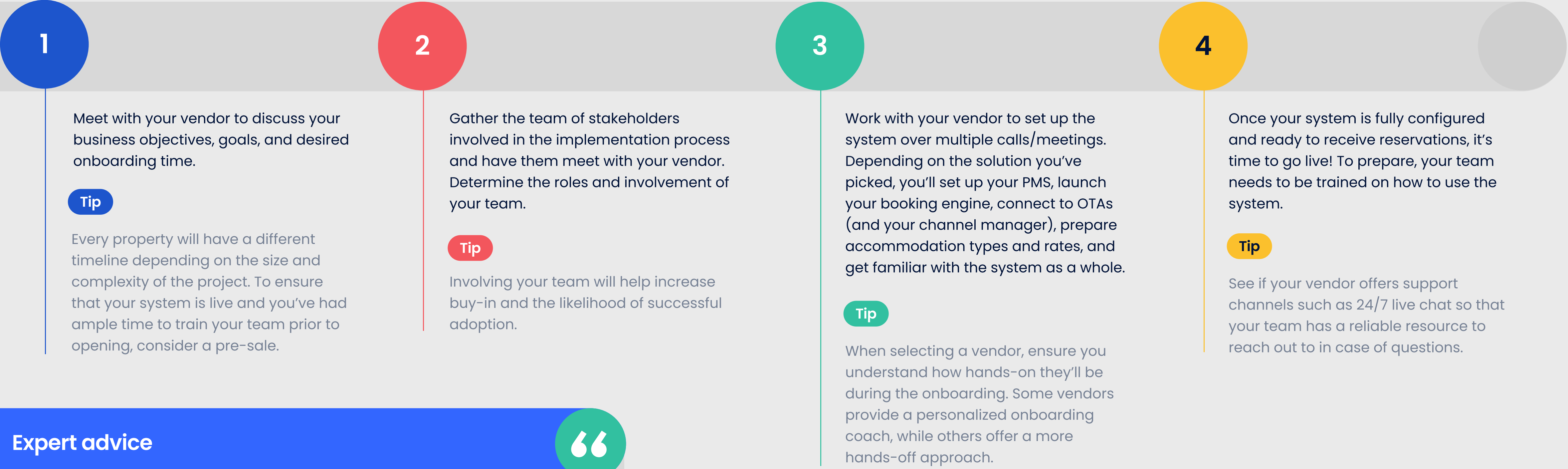
1

Meet with your vendor to discuss your business objectives, goals, and desired onboarding time.

Tip

Every property will have a different timeline depending on the size and complexity of the project. To ensure that your system is live and you've had ample time to train your team prior to opening, consider a pre-sale.

2

Gather the team of stakeholders involved in the implementation process and have them meet with your vendor. Determine the roles and involvement of your team.

Tip

Involving your team will help increase buy-in and the likelihood of successful adoption.

3

Work with your vendor to set up the system over multiple calls/meetings. Depending on the solution you've picked, you'll set up your PMS, launch your booking engine, connect to OTAs (and your channel manager), prepare accommodation types and rates, and get familiar with the system as a whole.

Tip

When selecting a vendor, ensure you understand how hands-on they'll be during the onboarding. Some vendors provide a personalized onboarding coach, while others offer a more hands-off approach.

4

Once your system is fully configured and ready to receive reservations, it's time to go live! To prepare, your team needs to be trained on how to use the system.

Tip

See if your vendor offers support channels such as 24/7 live chat so that your team has a reliable resource to reach out to in case of questions.

Expert advice

Typically, onboarding is done once the system is live, but at Cloudbeds, that's when a lot of the work really begins. Getting set up is one thing, but understanding how to use it and achieving the goals it was meant to do requires time and conversations and is something we'd rather do with our customers than have them figure it out themselves.

Dustin Pence - VP Customer Success at Cloudbeds

Ongoing optimization of your technology

Your hotel technology should never be just a set-it-and-forget-it component of your business. Throughout the implementation and onboarding process, you'll learn the system's basics, but the true value often lies behind the scenes. Ensure that you regularly assess system performance, analyze data to identify areas for improvement, stay updated on industry trends, and leverage vendor support and resources to enhance functionality. A few areas to consider optimizing post-go-live include:

Hotelier's point-of-view

For our opening month, we decided we weren't going to use Cloudbeds' Pricing Intelligence Engine (PIE) and instead used our lowest price to see how many bookings we could get. The next month we had rules in PIE set up and saw a huge growth in revenue.

Marco Leibundgut - Founder of Bogentrakt Hostel

Reporting

Reports are crucial for any business as they provide valuable insights into various aspects of performance, enabling informed decision-making. Consider developing in-depth:

- Production reports
- Financial reports
- Stock & inventory reports
- Occupancy reports
- Guest satisfaction reports
- Marketing performance reports.

These reports help hoteliers monitor key metrics, identify trends, track performance, and uncover opportunities to enhance operational efficiency and maximize profitability.

Revenue management

Revenue management is the strategic use of performance data, local market data, competitor rates, and other applied analytics to help predict demand and optimize pricing and distribution. A revenue management system streamlines data management, pricing, inventory control, and reporting processes. By leveraging automated rules, alerts, rate comparisons, and forecasting, hoteliers can make informed pricing decisions and adjust strategies in real-time. Integrating your existing system with leading revenue management technology empowers hotels to automate and optimize their pricing strategy for increased profitability and business performance.

Guest engagement

Expanding your guest engagement strategy beyond basic communication (like confirmation emails) is essential for delivering exceptional guest experiences. Think of how you can introduce touch points throughout the guest journey to connect with guests. Leverage messaging platforms like WhatsApp, Messenger, and SMS to welcome guests, collect preferences, and provide personalized recommendations. You can also automate the feedback collection and review process as part of your reputation management strategy to foster stronger guest relationships and loyalty.

Distribution

Lodging operators must prioritize a diverse distribution strategy, connecting with various OTAs to achieve broader market exposure. Understanding the ideal guest profiles allows hotels to select niche, regional, and global OTAs that align with their target audience. By connecting to at least six OTAs, hotels can maintain a consistent flow of guests, diversify revenue streams, and increase visibility via the billboard effect to drive more direct bookings.

Digital marketing

While driving reservations via OTAs is a great start, investing in your direct booking strategy will pay off in the long run. Through digital marketing efforts such as an SEO-optimized website, metasearch advertising, optimized business listings, and an active social media presence, you can build brand awareness, reach a wider audience, and drive more bookings.

Integrations

Don't feel constrained by the tech offered by your primary provider! It's impossible to find a solution with everything you need, which is where integrations can help. Explore the integration partners offered by your vendor to unlock additional capabilities. Consider integrating with POS systems, finance & invoicing software, revenue management systems, door locks, and payment solutions. These integrations reduce manual efforts, eliminate data silos, and enable a cohesive and efficient hotel ecosystem.

Hotelier's point-of-view

"

78% of our reservations initially came from OTAs - now we use them as a marketing platform to drive visibility. Some channels have guests we never would've reached if not for those sites. We recommend hoteliers connect to as many channels as they think they'd find their best guest. From here, it's up to you to engage guests and have them book direct in the future.

Kristy Espat & Victor Tofan - Owners of Hotel am Markt Munich and Palla Boutique Hotel

Key takeaways

Technology should be a priority from the start
Don't overlook the importance of technology for your new hotel business. It will create a solid foundation to empower your staff, streamline operations, and enhance the guest experience.

Invest in a cloud-based solution
A cloud solution will be able to support your business now and in the future. Find a cloud-based solution that is scalable, secure, and built by a trusted vendor.

Lean on automation
Labor shortages are expected to continue, and guests expect self-serve options. Find solutions that let you do more with less.

Take your time evaluating providers
Clearly define your requirements and ask lots of questions. Ensure that you put together a team that you trust and who can choose the best solution for your business.

Looking for advice? We can help.

Starting a hotel business is an exciting but complex venture. If you need advice on technology to support your new business, we can help. Our team consists of the brightest minds in technology and hospitality, from hotel owners to hostel managers and former OTA executives.

Talk to our team

Cloudbeds