



## Wave Deployment

Phasing it in is the best strategy to get enterprise broadband support

Selling the value proposition of an IT project used to be easy. It was just a matter of making one positive point (It drives market differentiation.) and one negative point (If we don't do it our competitors will.) Heads would nod all around the meeting room and the project would get a green light for deployment.

But the bubble has burst and IT exuberance has been replaced by a focus on return on investment (ROI). For example, if you consider installing a fat pipe in a hotel to deliver broadband for enterprise connectivity and guest services like high-speed Internet access, interactive TV and video on-demand, the question asked by every CFO is: What's the ROI? Well, the answer used to be that you charge guests \$9.95, track the revenue and pocket the incremental income.

It sounded great until guest-usage rates measured in at less than two percent per room per night (circa 2000-2001). That's two percent, as in barely more than one. With a usage rate this low the ROI model is as attractive as WorldCom stock.

Recent guest-usage rates have been on the rise, according to a study commissioned by Guest-Tek ([www.guest-tek.com](http://www.guest-tek.com)), a broadband provider for hotels. The study, which tracked 69 hotels in April 2002, shows that guest-usage of broadband has doubled, which is good news except that the figure is still just shy of four percent.

So, the key to getting approval for an ambitious enterprise broadband plan is to view it as delivering shared value and multiple uses across several departments. Forget about incremental income. Instead, view broadband deployment in terms of driving down operating costs, boosting productivity and leveraging legacy systems across a spectrum of hotel divisions. And consider making the installation in incremental waves. Now that's a plan even a CFO could love.

### Wave deployment

The financials for enterprise, high-speed networks are notoriously difficult to quantify, because infrastructure systems like these impact multiple departments. The benefits flow to the back office, front of house, operations, guest services, group functions (catering and meetings) and just about everywhere else in the hotel. But because the benefits are disbursed, IT departments typically assume budget responsibility.

high-speed access rarely look appealing from a purely financial perspective. As one IT executive from Six Continents recently put it: "No one ever asks what the ROI is on installing new drapes, because if they did they wouldn't fund it. But IT projects are held to a different standard."

The best approach to take when planning a major IT deployment is to tie it specifically to core business practices, such as real-time digital scorecards for senior-level executives, enterprise portals for communicating with regional and unit-level managers, and e-learning initiatives for training employees. Then, show how each department can drive down costs and improve productivity.

In practice, this approach may mean that a large infrastructure project, such as enterprise broadband connectivity, may be deployed in waves and stretched over several budget periods.

"Wave deployment is a current buzzword in technology and it makes a lot of sense," says Mark Hamilton, president of the Hospitality Information Technology Association (HITA), at a recent think-tank session in Chicago. "The key to a successful wave-deployment strategy is to have a clear vision from the start and carefully plan each wave so it seamlessly leads to the desired result."

## Return on infrastructure

Despite challenging economic times, a number of hotels and chains are rolling out ambitious enterprise broadband projects, including:

- The Sheraton Petaluma Hotel, which is located 30 miles north of San Francisco, recently opened with state-of-the-art IP telephony, content delivery and high-speed Internet access. It deploys an AVVID (architecture for voice, video and integrated data) backbone from Cisco ([www.cisco.com](http://www.cisco.com)) and the enterprise network is scalable to accommodate future installation of Wi-Fi (IEEE 802.11b) wireless and video conferencing.
- The Westin San Francisco Airport is the first property in the nation to deploy the Sprint ([www.sprint.com](http://www.sprint.com)) InSite service with KoolConnect Technologies ([www.koolconnect.com](http://www.koolconnect.com)) over a Cisco converged IP network. The system delivers high-speed Internet access, interactive entertainment, music, games, digital movies on demand with VCR functionality and concierge services.
- A similar system will be deployed at the Westin Fort Lauderdale over Cat-5 wiring. Both are operated through the guest-room television via wireless keyboard or remote control and offer the hotels customization while enabling Westin to maintain a consistent brand.
- The new Gaylord Palms Resort and Convention Center, which opened earlier this year in the Orlando area, uses the Unisys ([www.unisys.com](http://www.unisys.com)) InRoom Connect hospitality solution of network integration services in 1,400-guest rooms and more than 50 meeting rooms. Other future deployments considered by the Palms include help desk, network monitoring and video-on-demand services.
- The Westin Stamford, in Connecticut, recently installed the INNCOM ([www.inncom.com](http://www.inncom.com)) INNweb system, which is an Ethernet-based high-speed communications and energy-management platform delivered to guest rooms. It uses a standard Ethernet or DSL backbone to provide centrally controlled energy management, occupancy reporting, central electronic-lock control and other management tools.

- Cendant Corporation hotel group has begun installing a high-speed satellite-communications service to improve access to the company's central reservations system (CRS) and provide Internet connectivity to Days Inn (see photo on p. 43.), Ramada, Travelodge, Super 8 and Howard Johnson, hotels that currently rely on telephone dial-up connections. The Hughes Network Systems ([www.hns.com](http://www.hns.com)) DIRECWAY service will be used by Cendant to support each hotel's PMS and CRS, perform remote support, and provide e-mail, Web-based services, access to proprietary databases and remote training.
- Fairmont Hotels recently completed a wireless-access network in all lobbies and public spaces in its portfolio of hotels and resorts. It is another phase in a continuing implementation of a major e-business, wireless access and broadband enterprise project.

By leveraging multiple uses and sharing a broadband backbone, IT departments can successfully find support for capital investment in high-speed infrastructure projects. Operations and services get a fat pipe that can deliver software upgrades, new pricing structures and IT support services at the push of a button. Headquarters gets connectivity that supports real-time data reporting and single-version-of-the-truth metrics. And properties get the capability to deliver high-speed Internet access and video-on-demand in guest rooms.

It all works because costs are shared through multiple departments and the benefits range from energy savings to human resources management to back-office monitoring to IT support to key guest services that put heads in beds. Deploy it in waves and you may just bring a smile to the CFO's face.