

IDC MarketScape

IDC MarketScape: Worldwide Hospitality Property Management Systems 2022 Vendor Assessment

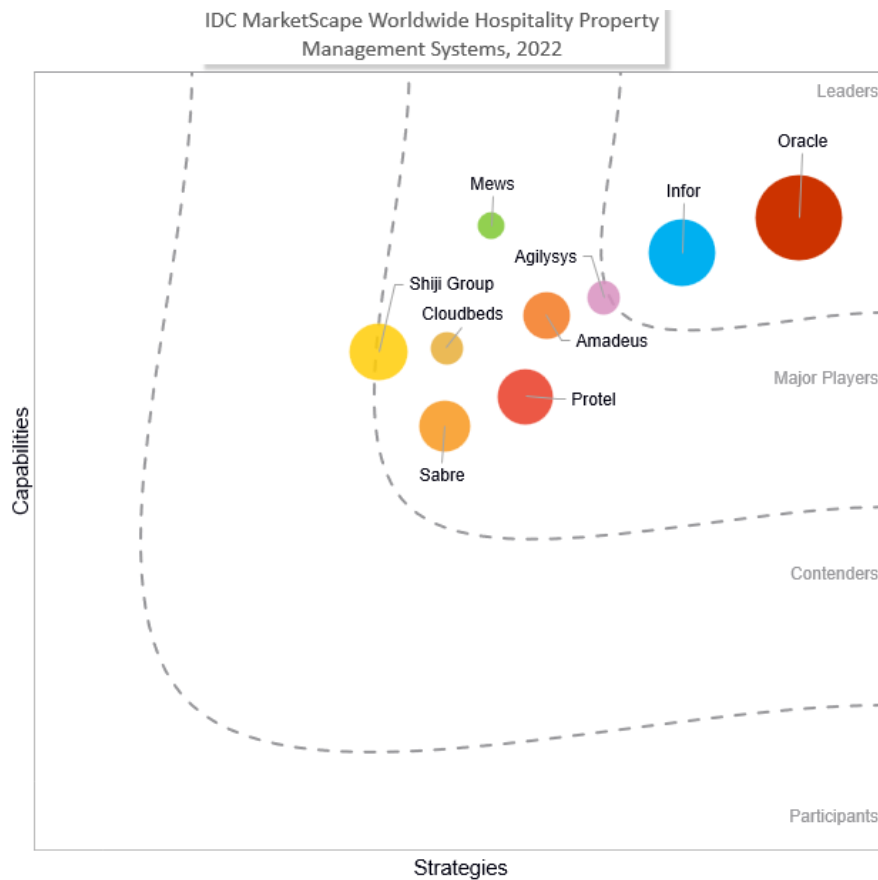
Dorothy Creamer

THIS IDC MARKETSCAPE EXCERPT FEATURES ORACLE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Hospitality Property Management Systems Vendor Assessment



Source: IDC, 2022

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Hospitality Property Management Systems 2022 Vendor Assessment (Doc # US48098122). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

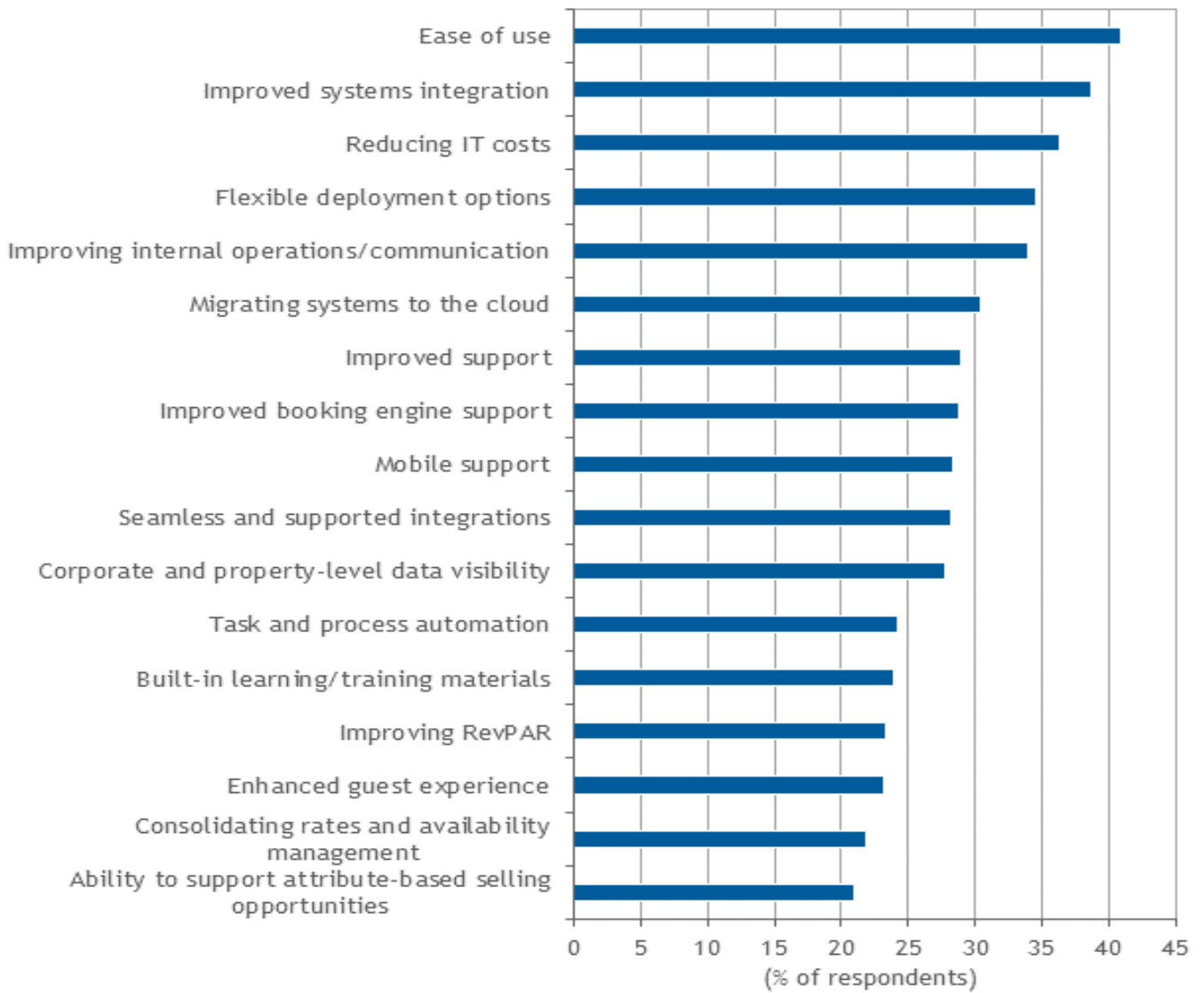
IDC OPINION

Hospitality organizations worldwide are facing a greater set of challenges coupled with the most rapid pace of digital change ever seen. Surviving the effects of the global COVID-19 pandemic was merely the beginning for an industry that now must grapple with a return of demand and guests that have different – and higher – expectations. These expectations necessitate that brands provide property managers and frontline staff with tools to quickly and efficiently service guests while they are on property and empower guests to self-serve when appropriate. The property management system (PMS) has long sat at the center of hospitality enterprise software and has a key role to play in achieving these goals.

With that, the PMS is a focus area for hospitality technology investments, and 21% of hotel respondents said they were currently upgrading or purchasing a PMS and 27% were planning to make upgrades or purchase by 2024, according to IDC's August 2021 *Hospitality and Travel Survey* (n = 603). For those hotels looking to make changes in their current PMS, the driving forces for the shift reveal the key challenges that hoteliers are facing and how they hope a PMS can help achieve strategic objectives (see Figure 2). Topping the list of reasons hoteliers are looking to upgrade their PMS are ease of use (41%) and improved integrations (38.8%). Considering that the PMS is the front line of defense for hotels – it's where check-in and checkout occurs – it needs to be reliable and easy to use as staffing woes including high turnover has been an issue plaguing hospitality for years and was only exacerbated by the impact of the pandemic.

FIGURE 2

Top Drivers for Hospitality Organizations to Upgrade or Purchase New PMS



n = 603

Source: IDC's *Hospitality and Travel Survey*, 2021

Like the term or not, by the nature of its long history, the PMS is a legacy system, and in a sense always will be since it has been a cornerstone of the hospitality industry in some form for decades.

As the needs of properties became more complex, so too did the technology stacks and as other systems began to emerge, the role of the PMS started to shift. Property management is both broad and focused and as such needs to be flexible to adapt to the changing needs of a diverse industry. Property management systems historically had been "on property," but as global enterprises began to

move operations to the cloud, the PMS needed to adapt as well. At first, this was a dividing line between new players that professed to be "cloud native" and legacy players that had to offer new cloud solutions. Hospitality organizations are still making this move to "above property," as 22% of hospitality organizations name cloud migration as a reason for IT budget increases and 31% say it was the reason pushing them to adopt a new PMS.

This shift to the cloud has brought a great sea change to the PMS space. With cloud capabilities has come the ability to quickly innovate and share data and insight from and to any location. This visibility is reshaping how properties operate and raising the bar for competition. Hospitality enterprises are eager to innovate and find technology solutions that will enable them to achieve top business objectives. These top 5 goals for hospitality organizations include increasing revenue (41%), increasing customer loyalty (37%), reducing operating costs (32%), improving employee experience (32%), and improving employee efficiency (27%).

These objectives highlight the need for technology partners to offer out-of-the-box solutions to solve for issues such as efficiency and experience in tandem with the ability to integrate to other solutions. It's important for hospitality providers that vendor partners participate in or offer ecosystems of services.

The intent of this study is to present an evaluation of enterprise-level vendors offering PMS software solutions globally. As part of this evaluation process, these technology vendors provided an assessment of their current capabilities and strategies, responses to an extensive questionnaire, an in-depth briefing, and access to reference clients to appraise their ability to meet the needs of technology buyers looking for property management system providers.

Key findings from the research of these PMS software vendors include:

- PMS software vendors are moving to a platform approach with data and systems integration across operations to ensure consistent customer experience across all channels and offering hospitality operators greater scalability and flexibility to add new features and access invaluable data. While vendors are moving toward this platform approach, IDC notes divergent approaches in a few areas including payments acceptance, ease of updates for PMS SW, and data integration strategies.
- There is significant movement to cloud-first, API-first PMS platforms, requiring providers to assist hospitality brands understand how best to mix and match services and modules based on need while also allowing for ease of scaling solutions and updating systems, to enable hospitality organizations to capture guests and improve lifetime customer value.
- PMS software vendors should emphasize innovation to keep up with rapidly evolving needs/demands of guests and addressing workforce challenges, by infusing solutions with advanced technology including predictive analytics and artificial intelligence (AI)/machine learning (ML).
- The PMS landscape is quite fractured as hotel enterprise technology continues to be complicated, largely driven by the complexities of regional and local regulations and needs. Legacy providers are faced with nimble challengers that are addressing many areas that had been persistent obstacles and capture attention of enterprise brands. As these newer players address issues of scalability, the PMS space is set to shift again. With the maturation of cloud technology and moving data to the edge, hospitality organizations should seek out technology partners that understand the nuances of their specific brand and guest needs and are able to address those specific challenges.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

Vendors must offer enterprise-level property management system software solutions for the global hospitality and travel sector. The following characteristics outline the requirements for inclusion in this important research:

- Has an established reputation offering PMS software solutions in the hospitality and travel industry with significant revenue from enterprise-size operators characterized by at least one hospitality/travel client with annual revenue of at least \$100 million
- Has revenue greater than \$25 million annually
- Offers an enterprise-ready PMS software solution offering advanced functions and capabilities and offers a product that has been deployed at multi-property organizations
- Utilizes the PMS product across multiple properties

ADVICE FOR TECHNOLOGY BUYERS

- **Build a collaborative relationship from the outset:** Consider a technology partner that seeks to understand brand differentiators as well as strategic objectives and will listen and respond to those specific needs. These requirements don't need to necessarily be customizations in feature requests but rather should yield discussions that influence the vendor's road map for the product at a larger scale.
- **Strategize scalability and flexibility:** Select a PMS provider that understands and embraces the rapidly evolving technology ecosystem of hospitality. Ensure that functionalities are being designed and developed to enable a future state of business and consider what that will look like if the PMS is required to play a different role in the hotel technology ecosystem.
- **Evaluate new and alternative revenue streams:** Consider how the PMS will play a role in fostering new revenue streams. Collaborate with PMS partners to ensure that features and capabilities will enable new ways of monetizing data, attributes, and other avenues along the guest journey beyond rooms. This can extend from attribute-based selling to membership or subscription opportunities.
- **Future proof payments:** Strongly consider how a PMS provider is enabling payments whether through their own payment gateways and payment solutions or through partnerships. As the payments space rapidly evolves, the PMS will need to be a part of solving for ease of payment from a guest-facing perspective. Evaluate how PMS providers are a part of the payment solution to help eliminate anxiety and uncertainty from guest payments. Consider how the solution will solve for the pain of requiring guests to pay at checkout and what features and functionalities will be necessary to accept a wider range of preferred payment types including alternative payments.
- **Put data at the forefront:** In the omni-channel world, systems must be able to quickly synthesize, distill, and report data to appropriate parties across a myriad of sources. Providing front desk staff, housekeeping, and other associates with real-time data is key to providing premier guest experiences and improving efficiencies. Data integration is paramount. Ask potential vendors to demonstrate how its PMS offering enables a real-time single point of truth of the guest across all channels and properties.
- **Double down on efficiency:** Efficiency is paramount at the front desk, but that efficiency must extend to hotel operations. Look at PMS providers through the lens of how the PMS user experience (UX) is reducing clicks, streamlining operations, and making both the employee

and guest experience better. UX should be more than configuring desktops; it should increase communication and provide a level of visibility for employees across property.

- **Focus on functionality:** As the PMS space moves toward platformization, it's important to evaluate and prioritize what a PMS features and what functions will be added or can be easily integrated. As integration continues to be important for hoteliers as they build tech stacks, a PMS vendor should have a clear view of how integrations will be seamless and not create redundancies.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Oracle

According to IDC analysis and buyer perception, Oracle is positioned in the Leaders category in the 2022 IDC MarketScape for worldwide hospitality property management systems.

Based in Austin, Texas, Oracle has offered a PMS solution to the hospitality industry for 35 years and has an established reputation for global capabilities. Its PMS supports 21 languages, 212 localizations, and 108 currencies. With its worldwide reach and robust global partner network, Oracle has steadily expanded the size of its global hotel market share in total number of clients utilizing the PMS and the number of rooms being managed by an Oracle PMS solution.

There is a legacy version of OPERA PMS, named OPERA 5. Oracle is focusing efforts on migrating customers from this legacy PMS solution to Oracle OPERA Cloud PMS, which launched in 2019 and which is available today as part of what is being billed as Oracle's OPERA Cloud platform. This platform positions the PMS as an integral part of an enterprise suite powered by Oracle Cloud, which also includes MICROS Symphony Cloud POS for F&B, intelligent upsells with Nor1 (acquired in November 2020), and a new distribution solution that released in early 2022 that is in early adoption mode. OPERA Cloud is a unified and cloud-native platform that will essentially power anything on the sell and distribution side as well as fulfillment, allowing hotels to introduce new business models without technology friction and consistently deliver an elevated guest experience. This connected platform framework seeks to provide connected intelligence, experiences, and data to core systems that run hotels and enables employees to easily access information to make decisions in real time and help guests.

All components of the OPERA Cloud platform can be utilized for hotels of all sizes from single location to multi-property enterprises and addresses the needs for multi-PMS brands that will have to create a layer on top of multiple PMS to be able to centralize systems/initiatives. For these initiatives, it will be important for PMS to be open and help brands stay up to date. Part of Oracle's strategy is to get the industry to stop being at the mercy of acronyms (PMS, CRS, CMS, etc.) and siloed solutions. To change this dynamic, Oracle's OPERA Cloud unifies these solutions into a single cloud-native platform with a modular construct that supports processes and functions with optimized workflows based on roles, accountability, and tasks.

Oracle's strategy and product team have prioritized listening to the company's customers to design the OPERA Cloud PMS features and UX/UI to be customizable based on any hotel employee's needs.

Multiple levels of customization can be done at the chain, brand, property, role, and even user level to allow process to drive the technology rather than the technology driving the process.

In 2020, Oracle launched its integration platform, Oracle Hospitality Integration Platform (OHIP). OPERA Cloud customers have OHIP property APIs included, enabling them to add as many other vendor solutions as desired and have access to everything that exists in the PMS. This creates a true digital twin, without having to question data from two sources as the APIs provide a true reflection of what is happening in the PMS through the introduction of streaming. The technology in OHIP also enables hoteliers to self-service vendor management – having control over which vendor has access to specific data and maintain a single version of the truth.

Strengths

- In addition to the company's Global Network that bolsters Oracle's cloud offerings, Oracle's strategy around the company's property management system puts the company in a strong position for the next phase of connected hospitality systems. The OPERA Cloud Platform puts the OPERA Cloud property functions (equivalent of PMS) as part of a hospitality technology platform with modular, individual components that support all the various and vital areas of hotel operations, sales and marketing, distribution, and financials with a single view of the guest. This is on target toward the "platformization" of the PMS and sets the bar as an example with all modules within the platform sharing a common data set and end-user experience and are secure, scalable, and globally available.
- Integration is one of Oracle's strong suits, and most often called out by customers. The company's capabilities in this area are what enables Oracle clients to leverage Oracle technology along with a host of other solutions in a stable environment with Oracle infrastructure. Oracle's integration platform has a robust offering of over 3,000 open APIs and streaming capabilities.
- Oracle's API-first strategy allows customization and extensions of products to allow customers – even those with multi-PMS strategies – to tailor workflows, rapidly innovate, and differentiate themselves in the marketplace.

Challenges

- Oracle faces challenges with providing the consistent levels of support across its vast array of hotel clients with increasing demands and business pressure. Spotty support for OPERA has caused some frustration. To address this, Oracle has appointed a new support leadership team that is focused on providing consistent customer service experience. This team has significantly increased the investment in training and upskilling employees and has grown its dedicated OPERA Cloud support teams by over 75% in the past two years and expanded support locations with 17 languages offered. In addition, the team is improving internal systems and adding omni-channel functions like chatbot, live agent, and callback to ensure customers can reach support in multiple ways to speed resolution times.
- Oracle must overcome market perception and mindset changes as clients migrate from OPERA 5 to OPERA Cloud. This will require continued focus on showcasing the true benefits of cloud-native applications and will require improved transparency around the OPERA Cloud road map to current customers and prospects.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

The nine vendors evaluated in this study represent a majority share of spending in the worldwide property management system market in hospitality, as outlined in the IDC MarketScape Vendor Inclusion Criteria section. The PMS market is complex and highly fragmented with local- and region-specific solutions. There are countless other vendors that offer PMS solutions but are not included in the evaluation for one of several reasons, such as the company's overall PMS revenue did not meet the criteria or the company offers a solution specific to one region with no plans for expansion. Some of the vendors that did not meet this particular study's criteria for inclusion but offer PMS solutions that may warrant a hospitality company's individual evaluation are Maestro, StayNTouch, innRoad, Frontdesk Anywhere, Hotelogix, FCS, and WebRezPro.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Note: All numbers in this document may not be exact due to rounding.

Market Definition

This is a worldwide IDC MarketScape with a comparison of the property management solution vendors in hospitality and travel subsectors. By nature of the work that PMS performs, this IDC MarketScape evaluates PMS as it pertains to a portion of the broader IDC market definition of hospitality and travel including franchised and individually owned hotels and motels (7,011), cruise lines – water transportation of passengers (4,489), casinos (70,110,301), vacation lodges, ski lodges, tourist

camp/cottages, resorts, seasonal hotels, inns (70,110,400), bed and breakfasts (70,110,401), hostels (70,119,901), and apartment hotels/homeshares (such as Airbnb, Vrbo), which fall under the real estate classification (6,513).

IDC defines property management system (PMS) as a software suite or platform as related to the day-to-day control, management, and execution of hotel and travel that allows property owners and desk workers to manage overall business by coordinating reservations, online booking availability, payments, and reporting in a central location. A property management system is a software that facilitates a hotel's reservation management and administrative tasks. The most important functions include front desk operations, reservations, channel management, housekeeping, rate and occupancy management, and payment processing.

This study focuses on platforms that unite many core functions of a hotel front desk and back office in one hotel software system with particular focus on integrations with CRS to develop a platform to support future-ready, attribute-based selling models. Functionalities of these hotel management software suites include allowing property owners and front desk workers to manage day-to-day business by coordinating reservations, online booking availability, payments, and reporting and the ability to manage and monitor metrics (RevPAR, ADR, etc.) in one central place, helping brands see measurable results in reducing operating costs and improving efficiencies.

Features that must be present in the hotel PMS will streamline operations for front-office staff and guest services and include the following capabilities: check-in and checkout of guests, visibility to room availability, ability to adjust existing reservations, back-office functionality (schedule housekeeping or maintenance).

LEARN MORE

Related Research

- *IDC Survey Spotlight: Hospitality Augments Customer Experience with AI-Enabled Solutions* (IDC #US48650222, September 2022)
- *Cloud Investments Deliver on Reducing Costs and Increasing Security for Hospitality and Travel* (IDC #US49640522, September 2022)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2022: Experiential Hospitality, Dining, and Travel* (IDC #US49228922, August 2022)
- *IDC PlanScape: Customer Data Platforms for Hospitality and Travel* (IDC #US47778022, July 2022)
- *Digital First and Data Driven: Hospitality, Dining, and Travel Technology Investments and Strategies – IT Spending and Business Objectives Focus on Resiliency and Adaptability* (IDC #US47248821, March 2022)
- *IDC Survey Spotlight: IoT Analytics Drives Hospitality and Travel Organizations to Be More Predictive, Prescriptive, and Automated* (IDC #US48650322, January 2022)
- *IoT Projects in Hospitality and Travel Prioritize Employee Efficiency* (IDC #US48789722, January 2022)
- *IoT Projects Achieve on Top Business Objectives for Hospitality and Travel Brands* (IDC #US48789622, January 2022)
- *IDC TechBrief: IoT-Enabled Hospitality and Travel* (IDC #US47249321, December 2021)

- *IDC Market Glance: Frictionless CX in Hospitality and Travel, 4Q21* (IDC #US47249421, November 2021)

Synopsis

This IDC study examines the key strategies and capabilities that hospitality property management system vendors are offering to the worldwide enterprise hospitality market. The study evaluates and examines the strength of vendors as innovation and efficiency partners as well as capabilities in integration and partnerships, user experience, innovation, data reporting and analytics, guest engagement, flexibility, and scalability.

"The hospitality property management system space is rapidly evolving as legacy systems move to the cloud and must adapt to a complex hospitality technology ecosystem. The pressures put on front desk staff require systems that are faster and more intuitive and insightful than ever. This has put a laser focus on the PMS, and technology partners are recognizing that the PMS must be flexible and open in order to offer solutions for hotels across segments and market sizes as the market shifts to seek platform solutions," says Dorothy Creamer, research manager, Hospitality and Travel Digital Transformation Strategies at IDC. "This research uses a comprehensive set of criteria to evaluate PMS vendors that are offering solutions to the global hospitality market. With heightened demand and expectations of guests coupled with strained labor conditions, hospitality operators must evaluate PMS partners on what capabilities they can quickly roll out and iterate to help companies sustain and grow business in the years ahead as digital demands increase."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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