

Ten Trends in Technology

That Will Shape How We Plan and Execute Beyond 2008

By Dave Berkus

Most of us work in the weeds, making use of technology as a tool to perform our daily tasks, and are glad for the help technology provides. For those of us that plan for the future of our properties, companies, and management organizations, it is urgent that we understand the bigger picture – the trends in technology that will drive change within our organization and that of our competitors.

This exercise is an important one for all of us – to recognize, analyze, and plan using the trends in technology we can identify and their impact upon how we lead, manage, work and compete in our complex world.

Here are ten trends that you should consider in strategic planning for your enterprise and your personal career.

1. The growing scope of the Internet

Charles Giancarlo of the San Francisco Chronicle stated in late 2006: “In three years, twenty typical California households will generate as much traffic as the entire Internet did in 1995.” Every week, twelve million people join the Internet, most from outside the USA. The implication of this tremendous increase in volume affects the capacity, speed and reach of every one of our enterprises, but also provides opportunities for innovation and communication of our message beyond any ever seen in the past.

Unintended consequences of this amazing expansion of the Internet have reached into the very core of big media, especially network television and large newspapers - each transformed or marginalized in ways never thought possible just a few years ago. Our hotel and resort properties have provided access to network television and printed news for our guests for over fifty years. But our guests are increasingly turning to other sources for their information and entertainment, and we must be ready with resources to accommodate them.

Over 3,000 books are published every day. There are thousands of podcasts, millions of blogs and now hundreds of Internet television broadcasting entities using the Internet to reach a worldwide audience at a cost far lower than traditional media. The impact of this upon the normal distribution chain is being felt with fewer viewers for network TV, fewer readers for our

newspapers, fewer subscribers to magazines. More than fifty percent of our guests' time in either gathering information or in-room entertainment would be spent using the Internet as the source if only available freely within our rooms and conveniently displayed as it is in guests' homes.

Just to better understand this tidal wave of new users of the Internet, there are over one and a third billion monthly users of the Internet today, one fifth of the world's population. Nearly 40% of these are located in Asia, 28% in Europe and only 18% in North America. You might guess that the greatest growth will occur in Asia, where only fourteen percent of the population is active on the Internet, as opposed to seventy-two percent active in North America. English is the language of only one third of the users. Chinese is spoken by eighteen percent of the Internet's users today – over half the size of the English-speaking Internet population and growing exponentially.

Your enterprise reaches out using the Internet to advertise, inform, manage and communicate. You need to ask yourself: *“How can our enterprise capture at least its share of this expanding marketplace?”*

2. The Paradise of Choice

Like no other time in history, consumers have choices available to them, pulling demand for products and services from suppliers rather than the old way in which suppliers advertised heavily to push products and services to consumers. Over 69% of consumers research online before a purchase. 62% look online for peer reviews. And 39% compare prices across suppliers before purchase. Our customers have nearly infinite choices.

As a result, our enterprises need to respond quickly to criticism, reinforce compliments with more of the positive actions that engendered good response, and recognize that our consumers (guests) are sharing their experiences with willing recipients of information worldwide.

What is your enterprise doing to respond to this new empowerment of the purchaser?

3. The audience is the network

The Internet has democratized production, distribution and search. Of these, the latter two are most relevant to our hospitality businesses. Travel agents, once the center of many transactions in our niche world, have been disintermediated by consumers able to search, compare, seek advice and book directly. Those agents that profited from hoarding information about services and products of any kind are at risk of becoming obsolete unless reinventing themselves as the specialists of complex knowledge.

More importantly, chains that once relied upon brand recognition to separate them from independent properties in the same geographical region now must compete more democratically with those independent properties that are now equally as visible to the shopper - and potentially rated higher by peers.

As a result, tapping into this newly aware audience requires mastery of keyword placement, prodigious use of blogs and other previously non-traditional exposure resources, and acting to encourage all sorts of social networking within your audience.

How are you tapping into this game-changing marketing opportunity?

4. Increasing computer power drives changes in human behavior

Over the past twenty-five years, computing power has been used primarily to enhance productivity. While that push continues, today the massive power available to us and to our enterprises is being used more often to share experiences, communicate, preserve memories, access entertainment, learn and use information to innovate and solve problems.

The question for you is: *What products or services could you add within your enterprise that you could not deliver yesterday?*

5. "I Am The Office!" – Mobile computing changes our lives

Each of us, not matter what level within our organization, has been freed from being tethered to our desks. Information and communications are available to us anywhere. Unified communications tools allow us to use our smart phones or pocket PC's to gather information, communicate and perform many of our previously tethered tasks while we roam the property or the world. We have our office in our pocket.

Have you and your company taken advantage of mobility as a corporate strategy?

6. Consumers expect HDTV and convergence as they travel

Over 56% of all homes in North America now have digital televisions, most all capable of receiving high definition programming. 70% have regular access to the Internet. When segregating those who travel to our properties, the percentages increase beyond 80% and 90% respectively. These guests show up in your properties expecting at least the same level of consumer technology in the room as at home. Burdened by legacy decisions, marginal payback and extended contracts, many properties have not responded with upgrades to meet these expectations. And many of those that have moved quickly have not paid attention to the convergence of computing and entertainment, nor to the degree of connectivity expected by today's average guest, over 60% who still carry their own notebook computer when they travel.

Although soon much of our data and tools will be hosted and available on demand (if devices for access were available), properties are not planning effectively to integrate computing, communications and entertainment into a cohesive and attractive delivery resource in the room.

What is your company doing to exceed the expectations of your newly-sophisticated consumers?

7. Web 2.0 enters the mainstream

Podcasts, blogs, social networking communities, media sharing, video blogs and Internet syndication have all become primary social tools for interaction and communication, especially for our younger guests and employees. And it's for good reason. Social networking provides a better way to communicate one-to-many than any previous vehicle including television, radio and newspapers.

Communication can be two way, allowing feedback from the recipient of new knowledge together with a response enabling a never-ending information flow. The timeliness and speed of this information flow is greater than at any time in history.

Remember when the fax machine was new and we expected a response to written communication (for the first time) within a day? Then came email, when we expected to receive a response within hours? And instant messaging and texting with expected responses instantaneous? These are all examples of one-to-one communication. Multiply the effectiveness of the communication by enabling one-to-many, and we have Twitter, chat rooms, blogs, Facebook, LinkedIn, Orkut and video blogs. Organizations of all types are using these tools to communicate information both critical and useful to their stakeholders and customers.

How can you better communicate with your stakeholders using new tools and channels?

8. Web 3.0 and 4.0 – Way beyond search

The next two waves of innovation will be spectacular. Imagine a media-rich invisible card catalog that allows you to find information, entertainment, visual and audio materials of all sorts by understanding implicitly the semantic context of your request? Find photos that match the same subject and style, books or music that match your unstated preference, paintings of the same period or artist, articles that match the intent not just to wording of a search. Imagine the web's response to your needs within the semantic context of your request for information, delivering an article culled from twenty sources, rather than a list of sources using

the words requested. This “semantic web” requires new tools and levels of intelligence and is in development today.

Beyond this? Consider the arrival by 2010 of Web 4.0 – the ubiquitous web – in which we will connect intelligence into a network of smart markets, semantic agents and more. Agents that know and reason as humans do. We will soon see the arrival of smart agent webs that know, reason and learn as humans do, providing us with entire ecosystems in which we slowly abandon control over decision-making for tactical decisions such as trip planning, personal scheduling, and efficiency planning details to an intelligent agent. This will arrive positively as a result of increased social connectivity, increasing internal systems knowledge and computer reasoning power.

To prepare for this: *Does your marketing message evoke ‘meaning’, not just ‘words’?*

9. Everything turns green

We see it every week. Energy demands increase (up 57% between 2007 and 2030) as petroleum consumption rises (from 20 million barrels in 2006 to 25 million in 2030). We are observing a “perfect storm” in energy demand and cost: price increases, volatility of supply, global awareness and climate change. Airlines are increasing fares to meet higher fuel costs. Driving habits are finally changing due to high fuel costs. And all forms of travel will surely be impacted as a result.

The demand for sustainable buildings increases. For new construction, sustainability becomes one of the highest priorities in the design process. Our use of energy within our properties must be carefully evaluated for financial reasons as well as good citizenship.

What initiatives have you company undertaken to ensure the betterment of the environment?

10. The chief information officer becomes a business strategist

Today’s CIO is not your father’s chief technology officer. He or she has become an important member of the senior “C” level team, determining how to invest capital more effectively to reduce costs, improve productivity and achieve corporate objectives. The CIO will turn IT into an operational line organization, not just staff guardians and protectors of the network. Data overload will overwhelm management without effective new strategies to mine and act upon old and new sources of data. Process improvement, not system build-out, will be job number one.

How are you adapting to this new reality? What can you do to improve your positioning in the enterprise and the enterprise’s positioning in the competitive landscape?

These ten trends and the questions that they engender are critical to your organization. You should internalize them, understand their effect upon your span of authority, act to create strategies that take advantage of these trends, and make the most of constant change.

###

This article is reprinted from BottomLine Magazine, the official publication of Hospitality Financial and Technology professionals (HFTP). Our thanks to HFTP for their cooperation.

###

Dave Berkus is today an early stage venture capitalist with an eye toward investing in new technologies resulting in his investment in over 68 technology companies since 1993. He is chairman of several hospitality technology companies and a board member or consultant for many more. Founder of Computerized Lodging Systems (CLS), Dave is a member of the HFTP Technology Hall of Fame and is credited with the creation of early PMS innovations, early development in yield management for hospitality, the first “one button” night audit, bringing open systems into hospitality, and many more innovations from 1975 to 1993. He was named “Director of the Year” in 2000 by the Forum for Corporate Directors for his work on over forty boards of directors over the years.