



The Cost of Doing Nothing

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Your current system is familiar and all the work arounds are known. Kind of like an old slipper, comfortable even if there are a few holes.

The cost of not changing your old Property Management System can be summarized in two words: inefficient and wasteful.

Hospitality is one of the most competitive industries in the world today. New hotels are constantly being built; as well as service providers are continually refining their operational and service standards. In order to remain competitive, and diversify yourself from the competition, modernization of your property is a

necessity. The less time you and your staff spend dealing with operational redundancies, the more time can be allocated to guest service and honing your competitive advantage.



So, what is it actually costing you per year?

- 1) Lost revenue due to inadequate yield management is estimated at 3% of your gross, which is on the low side*. For an average 100-room property with 65% occupancy and ADR of \$100 with revenue of about \$2.4M, an increase of 3% is \$70,000. Modern



software has built in yield management to easily enforce your sales “rules” so it is easy for the reservation clerks to make reservations with better rates. Easy to make an additional 3%. What’s not to like about that!!

*Hospitality Upgrade magazine estimated 3-6%. IDEaS

estimated 5-17%.



2) Wasted labor in maintaining Online Travel Agent (OTA) inventories instead of using channel management software. Sorting out the overbooking mess. Estimated as 25% of one person's time. Our experience shows that this might be closer to 50% for someone familiar with Channel Management. Average of \$15,000 - \$30,000 per year. Set the inventory once and a modern 2-way interface will automatically maintain it. No maintenance required for all the various OTAs. Set and forget – isn't that how it should work??

3) Wasted labor re-keying and reconciling data between systems - like PMS and POS transactions into accounting. If you are happy with monthly reporting this is not a huge cost, but if you want daily reports the estimated cost is 2 hours per day of a clerical person or around \$10,000 per year. Integrated software completely automates the transfer of data to your accounting system. No more reconciling of re-keying errors. No one wants to do that.



4) Embracing mobile technology for housekeeping and maintenance can save a further 1 hour per day or \$5,000 in lost time updating room status manually. Modern mobile



technology takes advantage of the fact that everyone has a mobile phone that can be used to capture housekeeping and maintenance data thereby freeing your staff to spend more time doing productive work and less time "book keeping". Mobile technology also improves guest service. The rooms reported ready sooner; check ins take place sooner. Win-

Win.

5) Moving your system to the Cloud may or may not save you money. See our paper on ["The Truth about the Cloud"](#).

6) Update your email security protocols. This allows you to email directly from your software AND have the email properly



delivered. Security is a moving target, hence all of the constant software updates and upgrades from Microsoft, Apple and Samsung. The benefit comes from automatically emailing from your internet reservation confirmations. This is discussed further in our paper [“Internet Reservations”](#). Cost saving in staff time to manually send email confirmations. Estimated at 1 hour per day or \$5,000. Time that can be spent on higher value tasks.

- 7) PCI compliance (Credit cards). The Payment Card Industry (PCI) dictates what you are



allowed and not allowed to do with credit cards. Can you image how embarrassing it would be to have to contact your guests to report their credit cards have been compromised. Modern software obeys all the PCI rules. Its hard to pick a dollar amount but imagine what would happen if you could not take credit cards

anymore??

- 8) Increased marketing. With the labor you save from items 2 and 3 – about 4 hours per day, you can task a person to “mine” your guest history and market to your guest to drive business in the shoulder seasons. A small increase of 5% to your occupancy during quiet times translate into tens of thousands of extra revenue. What, ten of thousand of extra dollars!! Wow.



- 9) Loss of data due to poor support. Imagining what happens if your system crashes and you cannot check in guests. Disaster!! If you lose reservations or deposits, it’s big trouble. The big hit is to your reputation, above and beyond the immediate problem.



Summary of cost savings and increased revenue

Yield Management	\$70,000
Channel Management	\$15,000
Re-keying	\$10,000
Mobile Housekeeping and maintenance	\$5,000
The Cloud	??
Email security	\$5,000
PCI compliance	Huge
Increased marketing	Tens of Thousands
Loss of data due to poor support	??
Total savings	Well over \$100,000



Smart Hotel Software can provide modern software so you can avoid these costs and enjoy the increased revenue. If you have any questions or would like a one on one presentation of what modern, cost saving software looks like, please call (604 926 3215) or email (info@SmartHotelSoftware.com).

About Smart Hotel Software

Smart Hotel Software has been an application software developer for more than 25 years providing business intelligence software for the Small and Medium sized Business (SMB) market. Our products are sold and supported worldwide.

At Smart Hotel Software, we believe that a robust system coupled with reliable service is paramount. We rely on the most innovative use of proven technology to develop systems that you can trust to build your business. We are proud of this distinction as well as our commitment to our clients, our business partners and the industry in general. Our mission “Every site a reference site.”

Smart Hotel Software

Your Smart Solution for Hotel and Hospitality Management

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