



# White Paper

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## Partnering with Start-Ups in Hospitality IT

How to Harness Innovation - Without Compromising Stability

by **Dr Michael Toedt** - Hoteltech Expert, Lecturer & Entrepreneur

## About the Author:

# Dr Michael Toedt

Dr. Michael Toedt stands at the forefront of Big Data and CRM expertise within the Hospitality Industry. His journey unfolds in two distinct chapters:

1

Initially driven by the ambition to succeed in his family's hotel business, he embarked on a path that led him through two apprenticeships and a transformative stint at a Michelin-starred restaurant, before pursuing business administration studies in Munich.

2

In 2000, a new chapter began as he delved into the realms of CRS and subsequently CRM at the Schoerghuber Group. Five years later, he pioneered the establishment of Toedt, Dr. Selk & Coll. GmbH (TS&C), now recognized as dailypoint, a beacon in software innovation and data management expertise.

Dr. Toedt's impact extends beyond corporate ventures. His authored works, including the seminal "Big Data," have cemented his authority in the realm of Data Management. Notably, his contributions were acknowledged in 2005 when he was named one of Europe's "Top 20 Extraordinary Minds in Sales, Marketing & Technology" by HSMAI. Subsequently, in 2015, he earned his doctoral degree from the University of Latvia, focusing on CRM's role in enhancing sales performance within the luxury hotel sector.

Continuing to shape discourse in the field, Dr. Toedt regularly shares insights through articles in international publications and online platforms. Moreover, his expertise is sought after in academic circles, where he lectures at the University of Applied Sciences in Munich on CRM and Hotel Technology, as well as at Hotellerie Suisse in the NDS Management Program.



## A New Wave of Innovation

The hospitality industry is experiencing a wave of innovation, driven by agile and ambitious start-ups. These young companies often bring fresh design thinking, cutting-edge technology, and an inspiring enthusiasm for solving long-standing industry problems.

Hoteliers and IT managers must balance the promise of disruptive potential with the practical needs of operational stability, security, and long-term integration. This whitepaper offers guidance for decision-makers in hotels who are considering working with start-ups, highlighting the hidden factors often overlooked in early conversations. But with innovation also comes uncertainty.

### 1. Don't Judge a Software by Its Interface

Start-ups frequently impress with modern, sleek interfaces that look far more advanced than many legacy systems. Their use of the latest frameworks and user experience (UX) design principles can make demos especially appealing. However, a beautiful UI doesn't always reflect the depth of functionality beneath the surface. Behind many modern front-ends, the back-end logic and integrations may still be under development or missing entirely.

#### Takeaway:

Prioritize substance over appearance. Ask about core functions, feature depth, and implementation experience – not just design!





## 2. Expect Limited Functionality in the Early Stages

Developing robust software takes time – years, not months. Building out essential hotel features, securing customer feedback, and stabilizing performance are processes that cannot be rushed.

Early adopters of start-ups often discover that basic capabilities such as reporting, automation, or integrations are still on the roadmap.

### Takeaway:

Ensure your hotel's must-have functions are supported from day one. Pilot projects can help explore potential without fully committing.

## 3. Avoid Siloed Solutions in a Heterogeneous IT Landscape

Hotels operate in complex environments with dozens of systems – from PMS and POS to CRM, IBE, and Wi-Fi analytics. Start-ups that do not integrate easily or only solve one small problem can create new silos rather than reducing complexity. A lack of interoperability is a major risk.



### Takeaway:

Ensure that any new solution is designed for open API integration. Avoid isolated systems that trap your data!

## 4. Understand What “Interface” Really Means

An “interface” is more than a checkbox feature. A basic interface may still require heavy manual intervention or lack the data depth to be useful. Real integration can vary dramatically in scope:

- Is it one-way or bi-directional?
- Are the data fields exchanged meaningful and complete?
- Does it operate in real-time?

### Takeaway:

Ask about development timelines, functionality scope, and test environments. Real integration often takes months or even years!



## 5. Security & Compliance: Don't Cut Corners

Start-ups often prioritize product development over infrastructure and cybersecurity. Many work with small teams or freelancers, which may not offer the same protection as in-house staff.

Furthermore, data protection laws like GDPR are complex, and you, as the hotel operator, remain legally responsible – even if a vendor fails to comply.

### Takeaway:

Evaluate the team behind the product. Ask about full-time headcount, security protocols, and how legal is managed!

## 6. The Legal Landscape: Innovation vs. Regulation

Just because a feature is technically possible doesn't mean it's legally permissible. Data privacy laws differ by region and are evolving rapidly.

An innovative tool may be legal in one country and problematic in another. Hotels face significant fines for non-compliance.

### Takeaway:

Insist on legal review and clear data processing agreements (DPAs). You cannot outsource legal responsibility!



## 7. Think Strategically: Data Centralization Is Key

Disconnected tools scatter your guest data across platforms, reducing its usefulness. Start-ups often focus on one use case but neglect the need for a centralized data strategy. Only with a Central Guest Profile (CGP) can data be unified and leveraged – especially for personalization and AI.

### Takeaway:

Look for vendors that support centralized data strategies and open collaboration across your tech stack.

## 8. What Happens If the Start-Up Runs Out of Funds?

Financial stability is a real concern. Start-ups can be acquired, pivoted, or closed – leaving clients unsupported. Before onboarding, assess the company's funding, business model, and continuity plans.

### Takeaway:

Always plan for a transition. Choose partners who publish roadmaps, have investor backing, and show a clear path to sustainability.



## Final Thoughts: Embrace Innovation – Responsibly

Start-ups bring vitality and forward-thinking to hospitality tech. But they are not without risk. By asking the right questions and setting the right expectations, hoteliers can benefit from innovation without jeopardizing operations.

Look beyond the pitch. Assess long-term fit, integration capability, and support structure. Start-ups are part of the future – just make sure they're part of your future for the right reasons.

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