How to switch from a legacy PMS to a modern platform

Discover the benefits of an open property management platform

Table of content
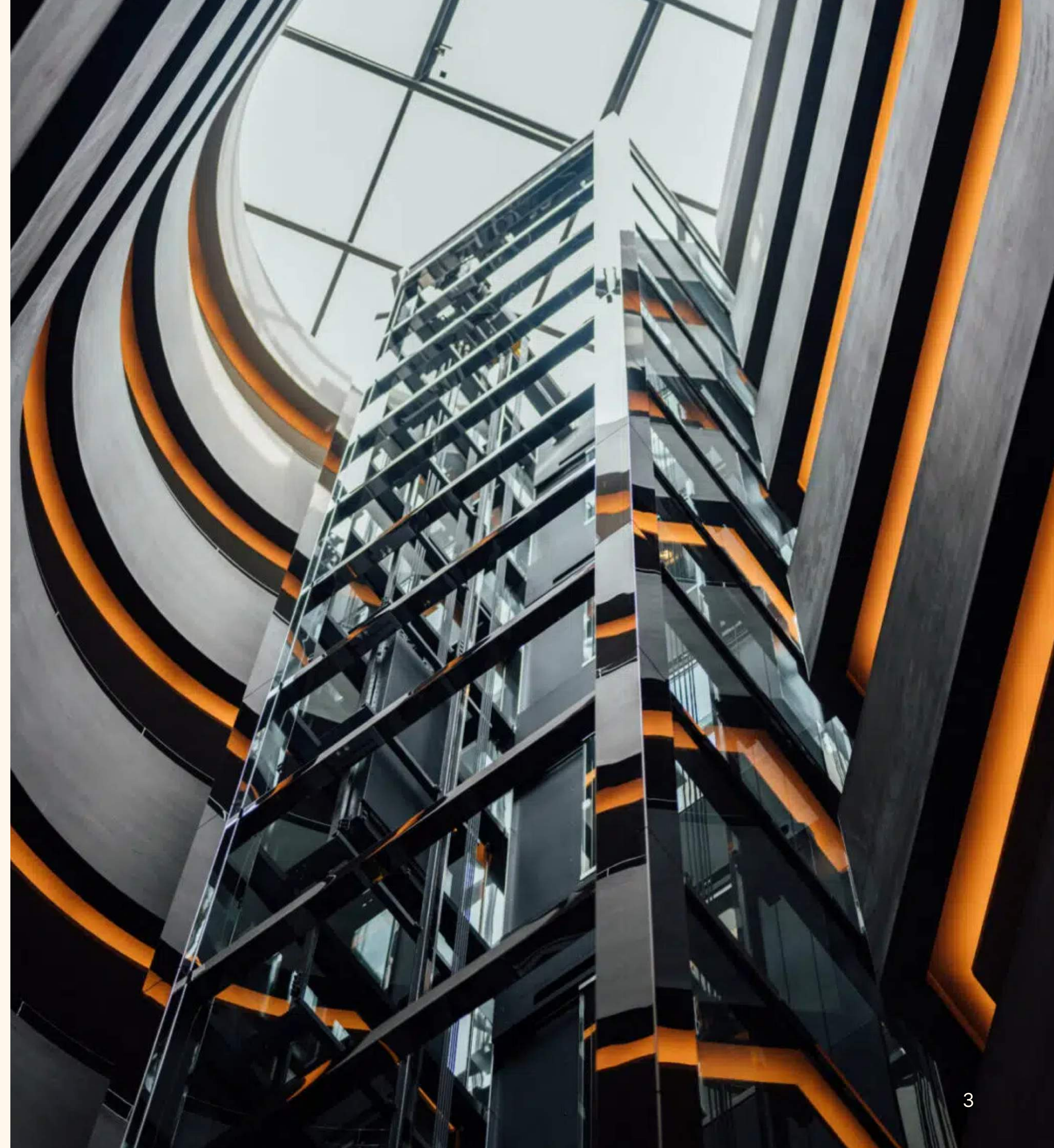
Introduction

Digital transformation is reshaping the hospitality industry as we know it. From streamlining revenue management and distribution to reimagining guest and staff experiences, hotels and serviced apartments are turning to specialised software to stay ahead of the game.
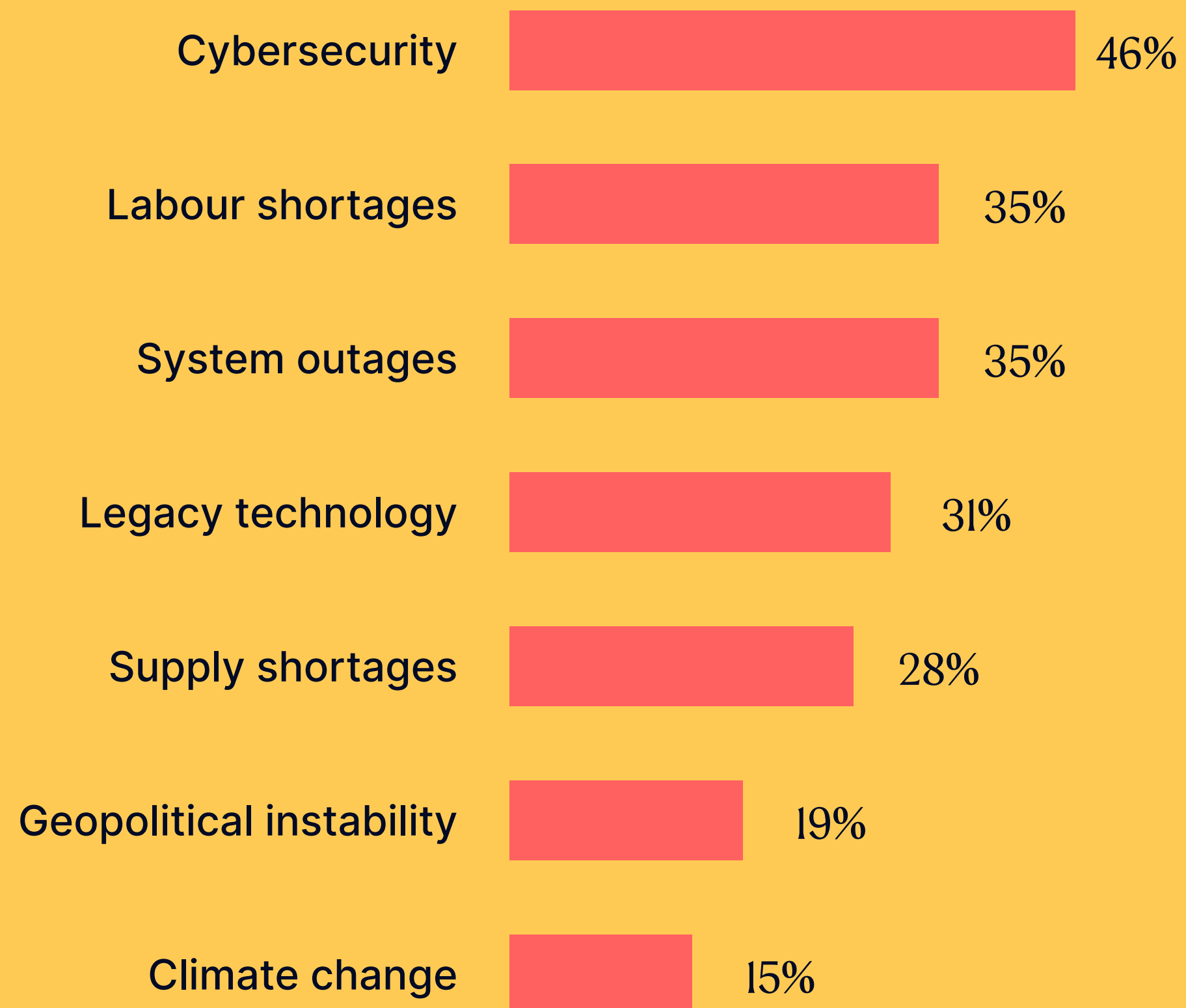
The pandemic has only accelerated this trend, highlighting the importance of agile adaptability and avoiding vendor dependency. With the emerging number of SaaS applications gaining popularity, legacy systems and traditional all-in-one systems are still a go-to solution for many organisations - regardless of their size.

What are the potential pitfalls of legacy systems? And how to choose the best fit for your business? Are you afraid of upgrading to a new solution for your property? Let us help you conquer those fears and switch to a cutting-edge solution that will boost your property's performance and profits.

Which of the following best describe your concerns for business disruption in 2023 & 2024?

Concern	Percentage
Cybersecurity	46%
Labour shortages	35%
System outages	35%
Legacy technology	31%
Supply shortages	28%
Geopolitical instability	19%
Climate change	15%

Constantly evolving market challenges

Digital disruption has caused major upheavals in businesses of all sizes. Shockingly, over half of Fortune 500 companies have gone bankrupt, been acquired, or dissolved due to digital disruption in the past 20 years. (Innosight)

However, the hotel industry is forging ahead with digital transformation initiatives. In the dynamic realm of hospitality, where digital disruptions reign, the hotel industry must confront new pressing concerns. Cybersecurity threats, system outages, and labor shortages have taken center stage, underscoring the need for proactive action. Shockingly, 31% of hoteliers still grapple with outdated legacy technology.

Emerging labour shortages

In various European countries, the hospitality industry is currently experiencing a significant shortage of workforce. Compared to the pre-pandemic levels in 2019, there is an alarming 10% to 20% decrease in the workforce. This has resulted in an overwhelming number of job vacancies that remain unfilled. For instance, in France alone, there are approximately 200,000 positions available, while Italy has 250,000 and Austria has 33,000 vacancies for the year 2022.

These staggering figures highlight the urgent need for exceptional digital services for guests and providing help meeting the growing demand for services.
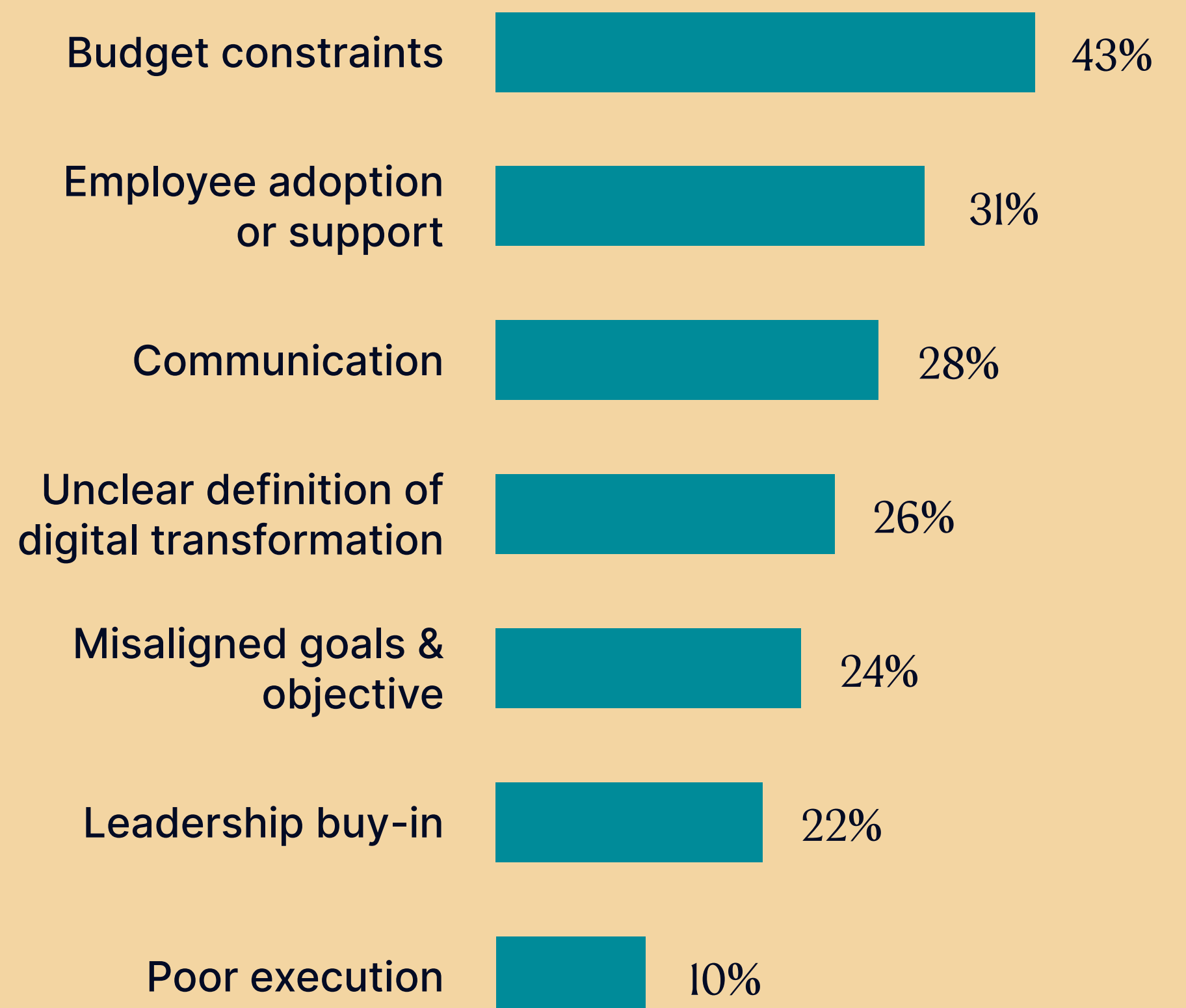(Hotrec, Hospitality EU, 2022)

Challenges of digital transformation

Hotel groups often find themselves facing challenges of implementing transformative digital initiatives. While budget constraints remain a major hurdle, it's important to recognise that many other obstacles stem from the need for effective organisational change management.

One common challenge is the false sense of comfort that comes from the usage of outdated legacy & all-in-one systems. This reluctance to embrace innovation can hinder progress and impede the ability to adapt to changing market demands.

However, in this ebook, we aim to equip you with invaluable insights and best practices to successfully navigate change management at your organisation.

Which of the following best describe challenges your company has faced when implementing its digital transforming strategy?

Challenge	Percentage
Budget constraints	43%
Employee adoption or support	31%
Communication	28%
Unclear definition of digital transformation	26%
Misaligned goals & objective	24%
Leadership buy-in	22%
Poor execution	10%

So, the question is...

Are you ready to be at the forefront of innovation and leverage technology for your success, or will you be left behind with outdated all-in-one software?

Consider the benefits of incorporating the right technology. While it may be tempting to adopt new technology simply because others are doing so, selecting technology that aligns with your current business objectives and capabilities will fuel long-term growth and efficiency.

The hidden cost of legacy & all-in-one systems

Legacy and all-in-one software come with technical debt that can have severe consequences for your business. All the elements of your infrastructure being tightly connected and dependent on each other hinders third-party integrations and change, leaving your hotel management strategy dictated by your vendor - not you.

Let's take a look at the risks!

One thing for sure: Your infrastructure is key in this process, calling for a shift from technology-focused property management to a platform-centric approach.

01
Growing costs

Consider the expenses related to installation, maintenance, support, additional consultancy, integrations, and manual data entry.
Legacy solutions lack future-proof technology and are prone to frequent and unexpected failures, adding up to unplanned costs for your system.

02
Slow time-to-market

Legacy systems can cause excessive delays and hinder product development when tasked with new projects, such as integration requests. This is caused by a slow development process, which often lacks technical support, onboarding, training, or self-service alternatives.

03
Lack of scalability & adaptability

No matter the age of your software, it must integrate seamlessly with today's cutting-edge applications. To properly handle such integrations and ensure scalability and growth, a flexible system is crucial. Without that, you risk losing both market share and new generations of guests looking for unique experiences.

04
Low performance

Legacy systems can impede progress and increase expenses by requiring significant investments in both costs and expertise. They often lack real-time data synchronisation, have lengthy downtimes, and can be prone to bugs, ultimately hindering efficient operations.

Techtalk translated

Platform approach (def.)

A platform approach offers a valuable advantage: the ability to customise the functional modules and user interfaces to suit your needs, rather than being bound by the limitations of your vendor.

Composable hospitality (def.)

It's a software architecture, which separates the UI (front-end) from the business logic (back-end), and provides the possibility to choose the best-of-breed technologies or build proprietary software to design a tailored hospitality stack. The software communicates via API, and the particular solutions can be replaced without impacting other parts of the ecosystem.

The backbone of delivering a composable hospitality concept is a combination of microservices, API-first, cloud-native and headless technologies — <u>MACH</u>, for short.

M
Microservices

Micro-services in a property management platform are stand-alone applications that are developed, deployed and managed independently. This means that if one micro-service fails, it won't affect the entire system, allowing for easy swapping of 3rd-party apps without causing disruptions or making changes to other services.

A
API-first

Many current (PMS) are cloud-based and offer an all-in-one solution. These systems usually have APIs built on top of their system afterwards. However, by having an API-first architecture, your platform will be centered around APIs rather than pre-built solutions or experiences that may not fit your needs.

C
Cloud-Native

Cloud-native means that the development and delivery happen in a scalable cloud. The term refers to software hosted in the cloud with no availability for an on-premise option. This model requires no installation or upkeep, as updates happen automatically without any input or costs. The infrastructure scales with increasing demand.

H
Headless

Headless architecture refers to separating the front and back ends of a platform. This allows businesses to create personalised user interfaces and experiences with endless possibilities for customisation. For example, a hotel chain with strong technical skills can manipulate the PMS user interface to perfectly align with its operational needs.
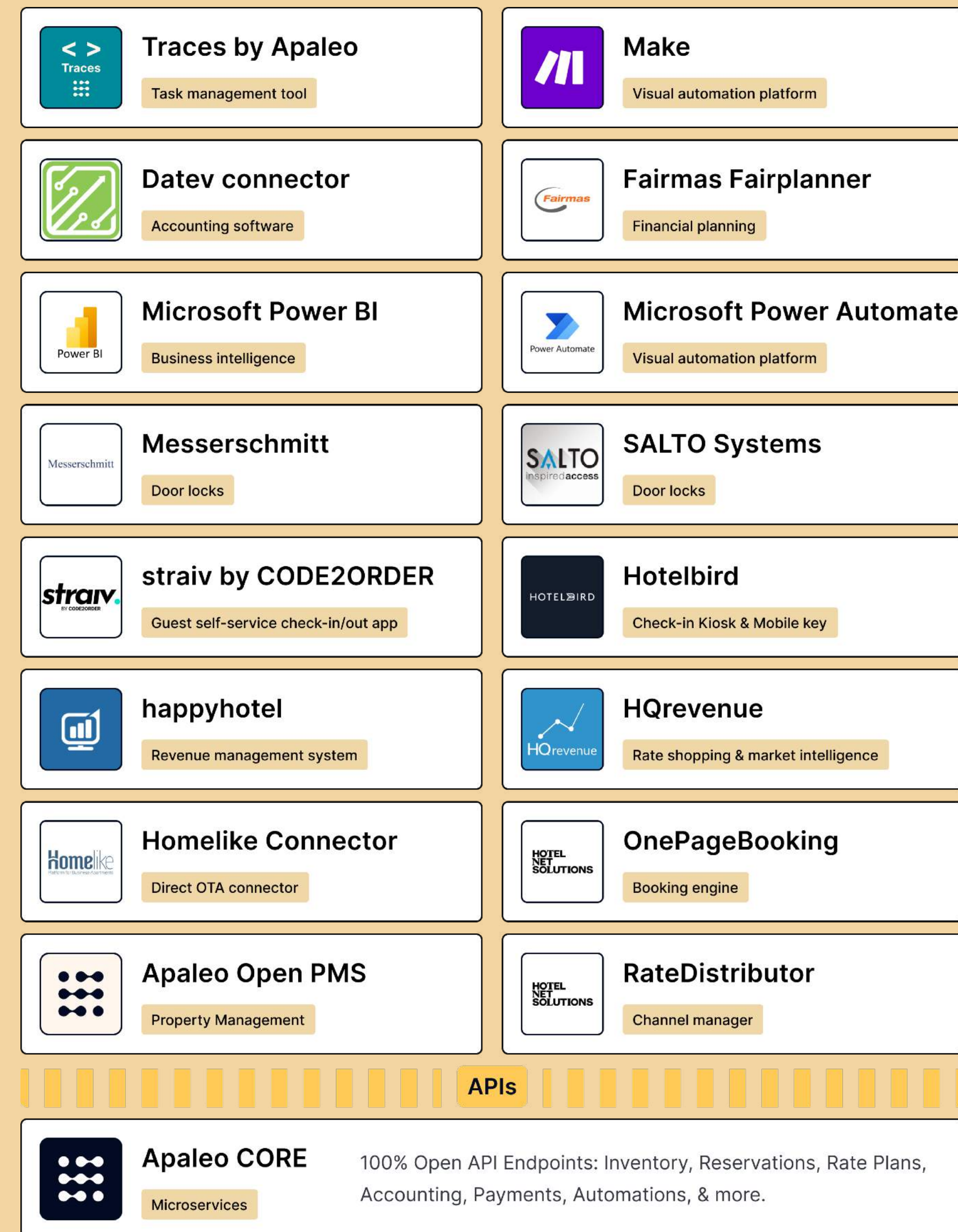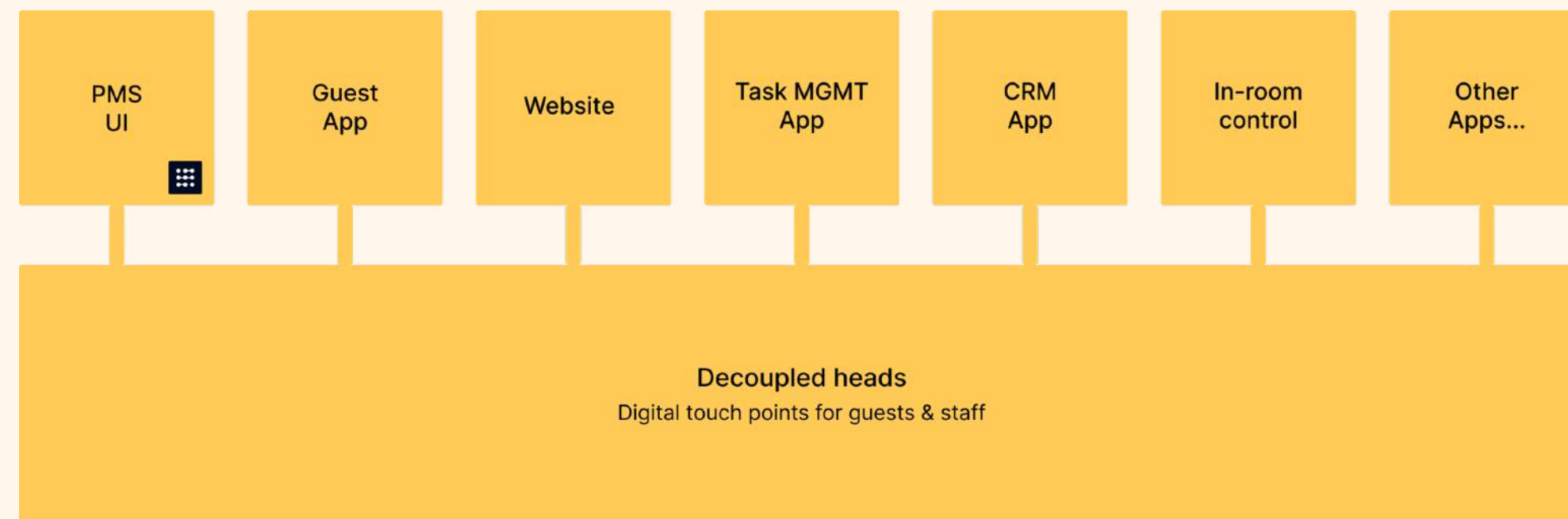
MACH

Microservices

If we take a helicopter view and look at it from a wider hotel tech stack perspective going beyond property management functions, each 3rd party application around the PMS, such as a channel manager, guest portal or revenue management system, is also a microservice of its own.

These micro-applications communicate and exchange data, forming a complete application, platform or tech ecosystem, but remain separate items with distinct API points.
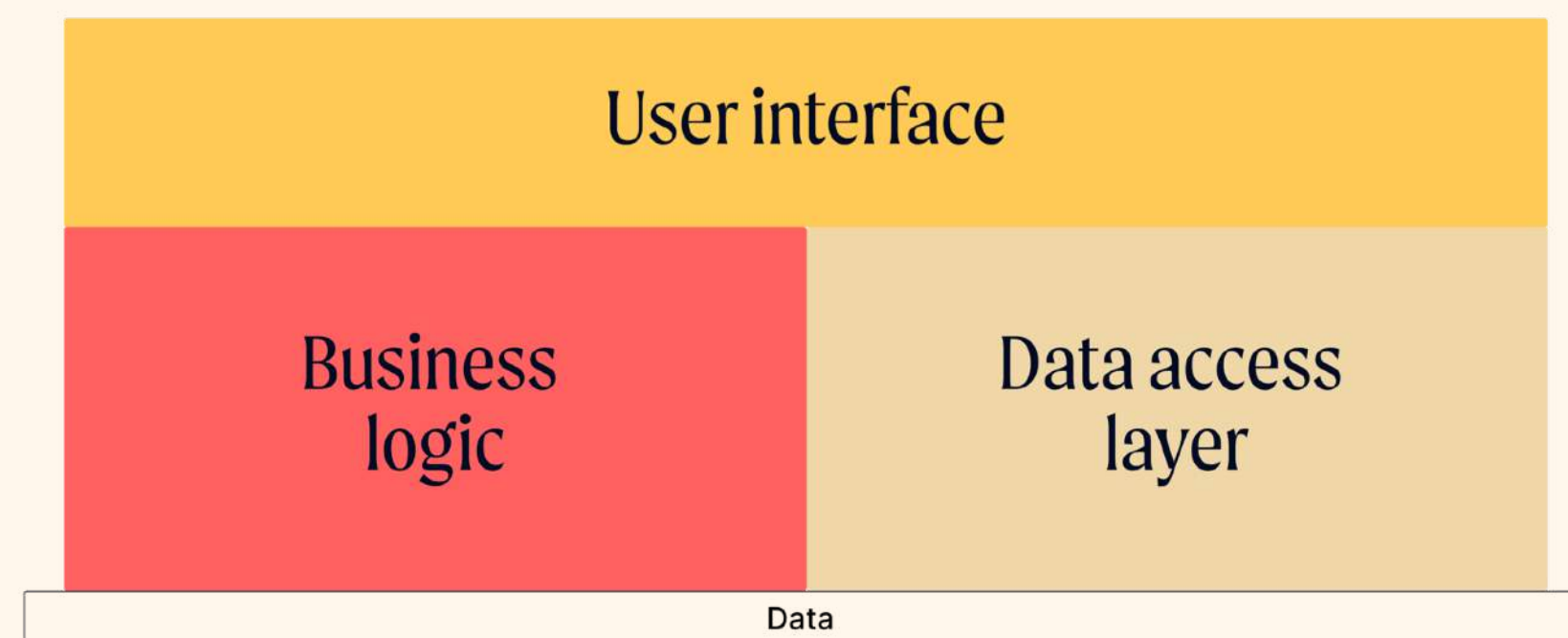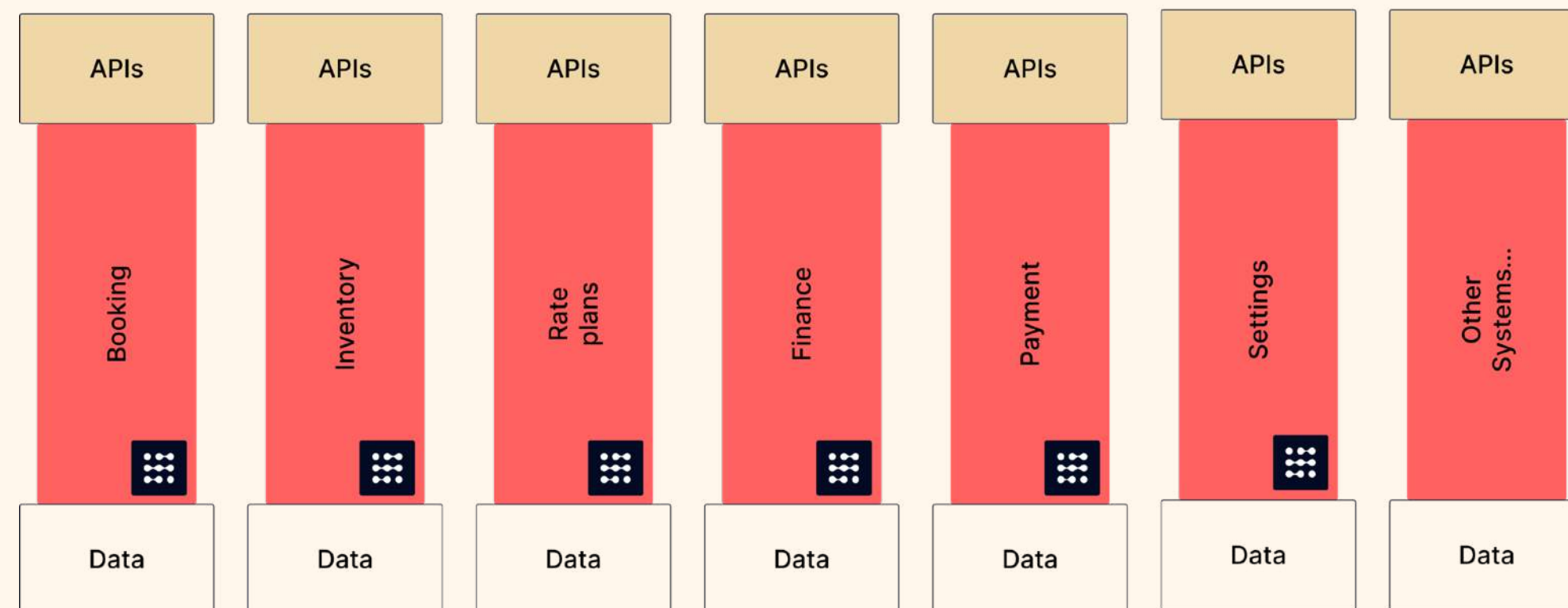
On the right, you can check how the German serviced apartment brand, SMARTments built their own tech stack leveraging the MACH architecture.

Traces by Apaleo — Task management tool	**Make** — Visual automation platform
Datev connector — Accounting software	**Fairmas Fairplanner** — Financial planning
Microsoft Power BI — Business intelligence	**Microsoft Power Automate** — Visual automation platform
Messerschmitt — Door locks	**SALTO Systems** — Door locks
straiv by CODE2ORDER — Guest self-service check-in/out app	**Hotelbird** — Check-in Kiosk & Mobile key
happyhotel — Revenue management system	**HQrevenue** — Rate shopping & market intelligence
Homelike Connector — Direct OTA connector	**OnePageBooking** — Booking engine
Apaleo Open PMS — Property Management	**RateDistributor** — Channel manager

APIs

Apaleo CORE — Microservices

100% Open API Endpoints: Inventory, Reservations, Rate Plans, Accounting, Payments, Automations, & more.

SMARTments®

MACH

API-first

In a monolithic architecture, all components of an application are built using the same programming language and connected to a single database.

In the MACH architecture, the front and back-end are decoupled, creating a flexible system that is made up of various interconnected services. These services, which handle the business logic, are connected through APIs to support the application.

MACH

Cloud-native

For several years now, "cloud" has been an overused and overlooked term in the hospitality industry with many players appropriating it. In reality, only several solutions are cloud by design.

The general benefits of a cloud-native technology:
- Improved time-to-market
- Fast roll-out
- Enhanced security
- Accurate & centralised data access & management
- Reduced software downtime
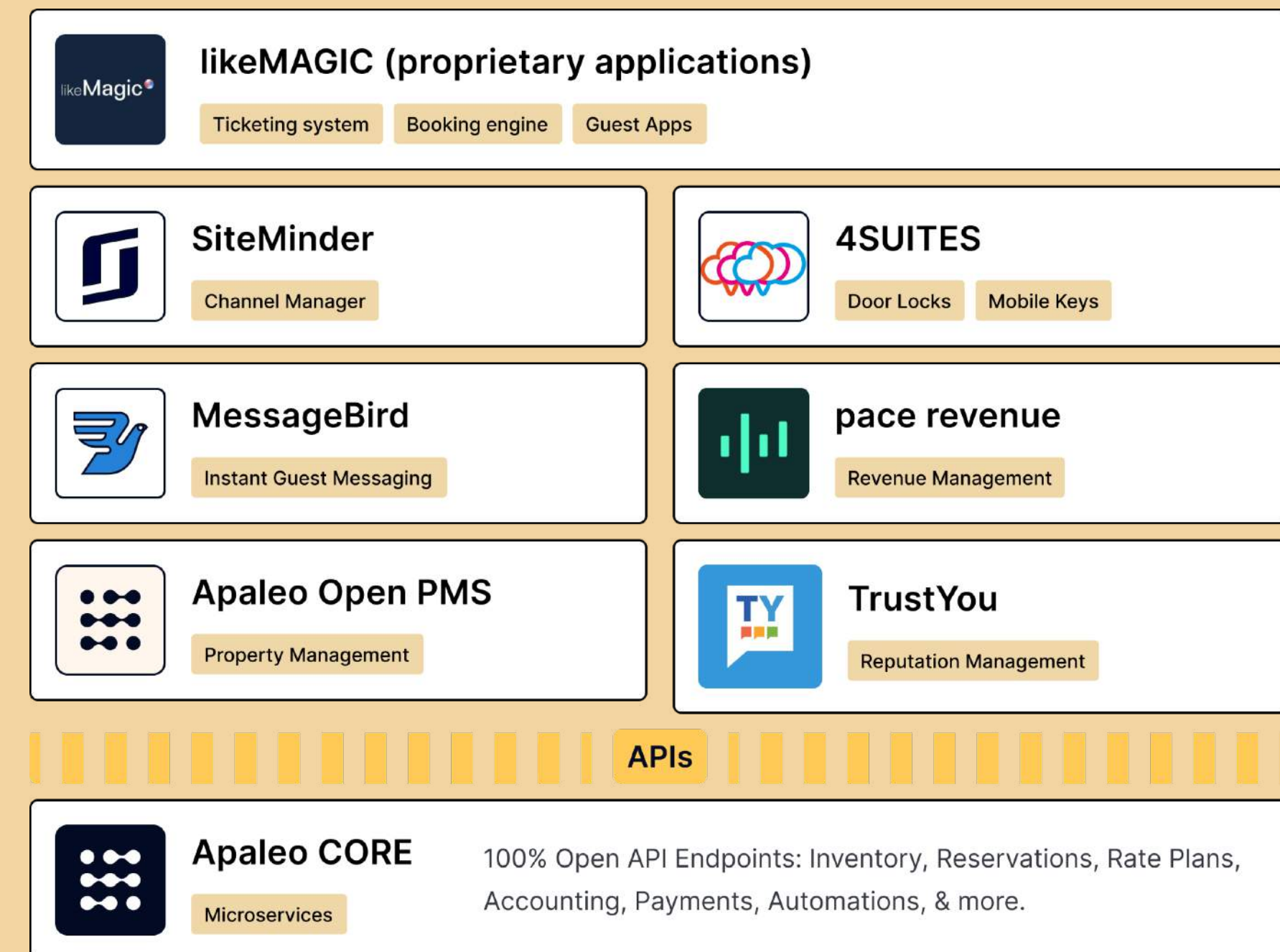- Easier application management

MAC**H**

Headless

Decoupling the front-end and the back-end gives developers the freedom to choose the most suitable technologies available on the market or build tailored guest and staff-facing touchpoint.

In the example on the right, Swiss operator StayKooook has designed its own head leveraging Apaleo APIs including a guest app, booking engine and operations app. It's now also commercialised and available to other brands under likeMAGIC.

The general benefits of a headless technology:
- Developer flexibility
- Omni-channel approach
- Enhanced security
- Scalability: no dependency on the database size

likeMAGIC (proprietary applications)
Ticketing system   Booking engine   Guest Apps

SiteMinder
Channel Manager

4SUITES
Door Locks   Mobile Keys

MessageBird
Instant Guest Messaging

pace revenue
Revenue Management

Apaleo Open PMS
Property Management

TrustYou
Reputation Management

APIs

Apaleo CORE
Microservices
100% Open API Endpoints: Inventory, Reservations, Rate Plans, Accounting, Payments, Automations, & more.

What's composable hospitality?

Open

To meet today's rapidly changing market requirements, your platform must deliver agility and the ability to innovate on the guest & staff experience. Test, launch and grow your business to the fullest with ease.

Modular

Choose the best-of-breed components and effortlessly build an enterprise that's pluggable, scalable, replaceable, and can be continuously improved through agile development.

Flexible

Build your own solutions with the components you choose, at your own pace and in your preferred way. Elevate your business to the next level with a composable platform, tailored to your unique needs.

Future-proof

Stay ahead of your competition by fully customising your tech stack with swappable components to meet market changes and guest & staff expectations.

· Tech talk translated: your go-to glossary ·

Key outcomes: your value framework

There's a myriad of benefits that derive from adopting a platform approach and leveraging composable hospitality for your accommodation business. This new technology strategy will have a positive impact throughout your organisation, not only in human experiences but also on the bottom line.

If you've been in the hospitality industry for some time, it might seem counter-productive to multiply your number of vendors or develop your own technology. Being a great host is what matters after all. This is exactly where the benefits of MACH-based, composable approach comes in.

It's already disrupting industries all over the world – with Contentful for content management, Commercetools for e-commerce, Stripe and Ayden for payment processing. Businesses building upon this technology are already outperforming those staying in legacy or traditional all-in-one technology.

1 Go live without delay

"With Apaleo, the complete migration took under 3 days for all of our properties. Moving away from our legacy PMS, what we found is that they are not evolving and stuck in the past. We want to be innovative and we don't want to get stuck in the past or blocked from being agile."

Arnold Linares, Revenue & Distribution Manager
The Zetter Group

Your operations can crumble without the right system in place. We know the drill when it comes to launching new properties - the tech that elevates your operational efficiency.

You've poured months of planning, resources and time into executing your team's vision, only to fall short on the grand re-opening day resulting in losses and delays. If you're tired of waiting weeks or months for property roll-outs and new features with legacy software, it's time to make a change.

By embracing a modular approach, you can boost innovation, reduce time-to-market, and get rid of tech debt.

Harness unparalleled flexibility with a best-of-breed approach that lets you integrate new tools and systems with ease. Choose your favourite third-party solutions to leverage your company's uniqueness with a best-of-breed tech stack.

By adopting an API-first approach, hotel groups can streamline operations by leveraging the power of APIs to build their ideal digital ecosystem. Unlock the true power of continuous integration and continuous delivery with a composable infrastructure.

Build the tech stack you want

2

" HR Group

The standout qualities of Apaleo - in comparison to legacy systems - are that Apaleo has no licensing costs, technical hurdles, or bureaucratic effort for interfaces. As soon as we want to develop something, we should be able to do it ourselves.

Adrian Schmidt, Innovation & Systems Manager
HR Group

3

Save big on your TCO

ADAPT APARTMENTS

For integrations alone we have saved €10,000, if we would have brought these to the Apaleo platform right away. As we're launching 3 new hotels, we would be charged around €30,000 for the integrations alone with the old PMS, which is just an absurd amount of money.

Ralph Krause, Managing Director
ADAPT Apartments

Discover the game-changing benefits of cloud-native infrastructure and free API access to drastically reduce your total cost of ownership. Minimise or eliminate hosting, integration, and operational costs effortlessly, ultimately leading to an enhanced guest experience and employee satisfaction.

By streamlining mundane tasks, you can save valuable time and money, as you would pay only for the features & integrations you need, thanks to the modular infrastructure.

Create unique guest experiences

4

Harness unparalleled flexibility with a best-of-breed approach that lets you integrate new tools and systems with ease. Choose your favourite third-party solutions to leverage your company's uniqueness with a best-of-breed tech stack.

By adopting an API-first approach, hotel groups can streamline operations by leveraging the power of APIs to build their ideal digital ecosystem. Unlock the true power of continuous integration and continuous delivery with a composable infrastructure.

"

HIISI HOMES

"For us, it was clear that guests should never feel the need to get in touch with us. But at the same time, we wanted them to be confident that they were getting the very best service. We looked at how our systems could help us do that and that's where Apaleo's flexibility has been essential."

Markus Veikkolainen, CTO & CMO
Hiisi Homes & Hotels

5 Streamline workflows with automation

" **SMART**ments®

Automating check-in makes the arrival process smoother for our staff and guests. Saving time on these manual tasks gives our team more time to be real hosts. This creates a better experience for guests because our receptionists can take the time to provide more personalised service.

Markus Leu, Director of Operations
SMARTments

Increase efficiency and take control of your front and back office with fully automated workflows. From housekeeping to pricing, guest communication to payment and night audit, digital solutions make it easy to save time, reduce mundane tasks, and ensure exceptional service for your guests.

With simplified processes and streamlined operations, you can increase guest and employee satisfaction, even in the face of staff shortages.

If you're struggling to train staff quickly and effectively due to outdated UIs in your cryptic systems, you're far from alone. But in today's demanding job market, an intuitive and modern user interface is more important than ever.

By upgrading your systems with reduced manual inputs and simplified user flows, you'll not only make it easier and faster to onboard new staff, but also increase overall morale. Employees will be able to focus on what really matters - providing top-notch service to your guests. Ultimately, you'll also have higher chances of keeping them as their day-to-day work is less redundant.

Attract & retain top talent

6

> Apaleo is designed in a way that the new generation finds itself very easily. We recently had two new employees starting who were fully proficient in 2 weeks, when in the past, they would still struggle after 2 months. It's made a big difference in their happiness as they feel independent rather than a weight for colleagues.

Emanuele Cosomati, General Manager
Illuster & Banana City Hotels

PMS to platform: key questions for a successful change

As you embark on the journey of digital transformation, it's essential to make change management the heart of your strategy. With this shift comes implementation challenges such as staff resistance, power plays and lack of resources. But don't worry, the good news is that a fully scalable onboarding program and asking the right questions can help alleviate fears and help your employees embrace change.

Who's in charge when it comes to successful change? Here are some key roles to think about:

- C-level & management signing the contract
- Product & operations champion
- Project owners in every department involved
- Revenue Management
- Tech/IT team
- Finance and accounting

# Rallying your team together

To ensure the success of your improvement efforts, it's crucial to provide clear explanations on the "why" behind these changes and the "how" they will benefit individual employees, teams, and the company at large.

" Siggis Capital

Legacy systems treated staff as an extension of the system, the new generation system. They treat staff as a user and they invest actually in user experience and UI, which at the end of the day comes back to something really, really simple that people seem to forget. Happy staff makes happy guests.

Dimitrios Neofiditis, CEO,
Siggis Capital

- Which tasks currently take up the most of our teams' time?

- What are our goals in making these changes and additions to our technology stack & strategy?

- Who should I inform and get commitment from on my teams?

- Who will be the go-to person for teams with questions around the property management platform?

- Who is the project manager in charge of coordinating internal teams, the property management vendor and third-party app providers?
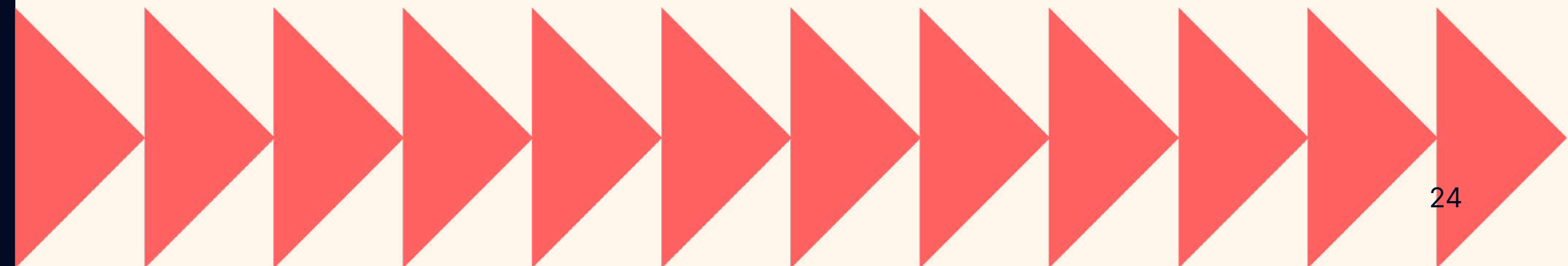
Designing the ideal tech stack

Gaining internal buy-in and ensuring deep integrations are crucial for the successful implementation of technology. In addition, providing a smooth and frictionless experience to guests plays a vital role in ensuring a positive experience. To avoid any adverse impact, it is essential to thoroughly analyse and map your guest journey and internal processes.

"

CATALA
CONSULTING

When you build a tech stack, you should start by thinking about the guest journey that you want for your brand to tell. Build your guest journey and then build the tech stack on top of it. Most people build a tech stack and then think about the guest journey.
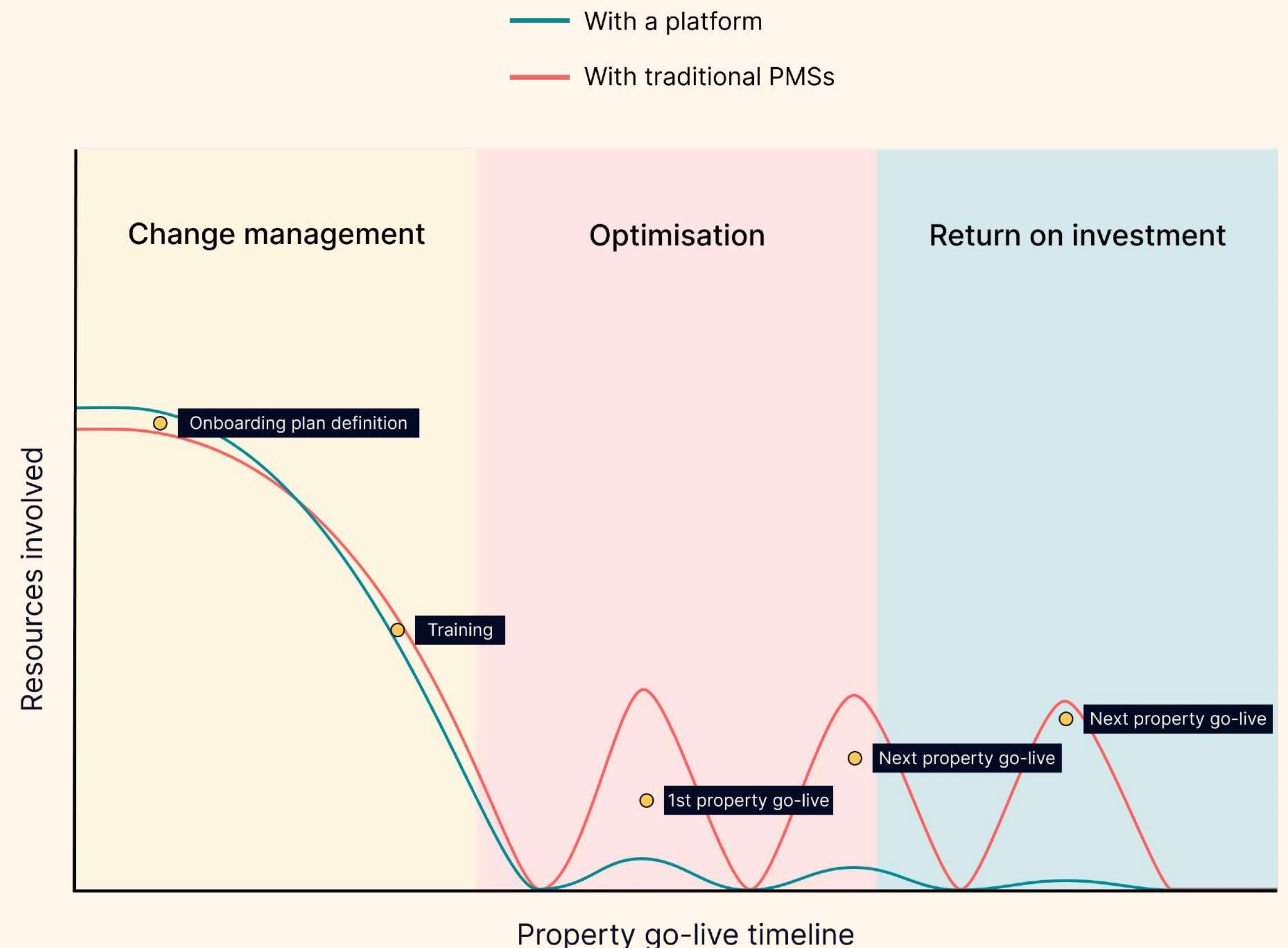
Thibault Catala, Founder & CEO
Catala Consulting

· PMS to platform: key questions for a successful change ·

- ● Which apps and integrations do I need to connect to the platform? What should be kept or replaced? When should integrations begin? What are our goals in making these changes and automating processes?

- ■ Who are the product champions for the third-party apps to ensure smooth implementation and adoption?

- ◢ What kind of training does the platform offer for my team? Is it guided or self-learning?

- ● Can we empower guests to complete some touchpoints themselves without sacrificing the guest experience?

- ■ What is the plan for rolling out the property and what is the proposed timeline for onboarding?

Reducing friction in your rollouts

Hotel groups and serviced apartments now have more options than ever to improve their operations. Each property is unique, so why settle for a one-size-fits-all solution? And let's face it, the pandemic has taught us the importance of being nimble and not relying solely on software vendors. It's time to adapt and react quickly. No more wasting resources on slow integrations and expensive legacy tech.

Get ready to hit the ground running - the first property may take a chunk of time (4-8 weeks) to go live, but after that, it's smooth sailing. No more technical or operational hurdles, just quick roll-outs and steady maintenance.

--- With a platform

--- With traditional PMSs

Change management

Optimisation

Return on investment

Resources involved

Onboarding plan definition

Training

1st property go-live

Next property go-live

Next property go-live

Property go-live timeline

Conclusion

You've come a long way for a reason. In the past, companies would often decide to automate certain manual processes by identifying the tasks they wanted to automate and then searching for a solution that could address all of them. However, this approach often resulted in finding a solution that only solved one task well, while leaving other issues unresolved or not thinking about the future.

To make informed decisions about your property management software, it's crucial to evaluate how it will enhance daily work and improve team efficiency. The secret to MACH architecture lies in its ability to continuously innovate the guest experience.

Don't get stuck with outdated systems. Embrace modular, API-first platforms and build a flexible technology infrastructure that grows along with you.

About Apaleo

Apaleo was born in 2017 out of Munich and powers hundreds of forward-thinking hotel & serviced apartment brands across the globe.

The company was founded on the core belief that hospitality software should never be fixed in time, because guest and staff expectations are constantly evolving & increasing, and every hospitality business must adapt to survive and thrive.

Our open property management platform and app store empowers accommodation providers of all kinds to design a technology stack that creates unique digital experiences for guests & staff.

From independent hotels to large hotel chains, hospitality operators join us believing in the true value of ecosystem and community to accelerate innovation. Are you the next one? Let's talk!