

Making the Right Call in Hospitality Cloud PBX

Lessons Learned From Early Adopters

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Even in a world increasingly dominated by mobile technology, landline phones remain staples of the modern hotel room. However, big changes are happening behind the scenes, as cloud-based PBX solutions steadily replace legacy systems.

Cloud-based hotel phone system deployments are accelerating across the hospitality industry. These systems are finally providing carrier-grade quality, attractive features and a competitive price point. Unified cloud communications architectural viability is now firmly established.

However, not all solutions are the same in this rapidly changing industry. They vary widely in capability and sustainability. As such, early adopters of cloud PBX solutions have learned a few lessons. Those lessons challenge many assumptions and help illuminate the cloud solution being proposed to the hospitality industry. Here are a few of those lessons collected from early-adopting hoteliers:

1. Service Providers (Not Technology Providers) Are the Primary Focus

For decades, the hotelier's PBX decision has focused mainly on aggregating best-of-breed technologies, such as voicemail, auto-attendant, IVR, call accounting and phone devices. Cloud decisions, however, now hinge on the selection of telecommunications service providers, who choose and integrate these best-of-breed technologies into a solutions offering.

Hoteliers must assess the service provider total solution efforts. The service provider's service-level agreement (SLA) is driven by architecture choices that the end user cannot see. As such, assessments must ultimately begin with SLAs and



overall service vendor risks. The basic rule is that strong SLAs typically indicate strong underlying technology architecture.

2. Risk Assessment Becomes More Important in the Cloud

Cloud-based unified communications (UC) provide huge long-term innovation advantages for both guests and hotel staff. True cloud services mitigate the risk of technological obsolescence. However, cloud-based services in general carry new forms of risk that require the hotelier's attention.

- **Cloud Service Availability Risk.** The loss of a technology component in a premise PBX world impact a single property. The loss of a technology component in the cloud could impact many of your properties. Cloud providers build cloud solutions to mitigate such risks (or they should have). Classic telecommunications service providers have developed such risk mitigation to very high degrees of sophistication. Both premise and cloud designs should consider high availability.
- **Property Connectivity Risks.** We've noticed a useful way to assess property connection:

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Asking what a failover looks like. Not all solutions provide failover, and not all fail the same way. For example, providers may drop all calls and restart. The gold standard is transparent failover. Determine whether availability is assured by premise and cloud hardware redundancy, by network redundancy, or by both.

- **Financial Risk and Vendor Sustainability.** In the premise PBX world, hotels could buy a PBX and keep it for years past expiration date (or even past the demise of the PBX vendor). Cloud service providers are not providing technology that can be nurtured forever. It's an online service. If the service provider goes away, the cloud PBX service does too- it's important to determine if the cloud PBX service provider is a long-term player.
- **Financial Risk and Vendor Innovation.** There are huge changes occurring in telecommunications and platform evolution will be required. This creates an important consideration for all providers and especially for the low-cost providers: low-cost providers are less profitable and by the simple mathematics of their available resources will seek higher business volumes with more constrained technology development. Is the cloud PBX service provider's product roadmap sustainable or is the investment dead-ended?
- **Security Risks.** A long-standing concern of distributed technology is that security management is difficult. Cloud simplifies security. However, be cautious of open-source platform SLAs where security, availability and operational support features may have been home-grown. Be specifically cautious of hybrid architectures where platform security must be managed both in the cloud and at the premise.

3. Long-Term TCO Should Be Considered

Cloud PBX systems operate under SaaS pricing models, some with occupancy-based fees or recurring flat per-room fee structures available. These models are only different ways of timing dollars; they are not fundamentally different in their total cost over time.

In evaluating cloud PBX solutions, it's important to compare long-term total costs of ownership (TCO) normalized to the scope of the service.

Here are some questions to ask about a given option:

- **Does the solution include bandwidth and carried voice minutes for the premise?** Some services run on top of existing bandwidth while maintaining quality of service. Others require purchasing bundled bandwidth. Still other providers bundle bandwidth and local long-distance carried minutes. Be sure to ask how many minutes and what calling jurisdictions are included.
- **Where is the productivity?** Does the solution support centralized management across the hotel's properties? One of the benefits of cloud-based telephony service is that it supports services across multiple properties while still connecting with diverse property management systems dispersed at each location. A single property manager can centrally view and manage services across the portfolio of locations. Enquire about the service provider's ability to support both vendor-supplied and home-grown proprietary locations.
- **Are software upgrades included?** Some cloud PBX solutions provide all future software releases within a subscription. Some provide only bug fixes for the current release. Be sure to understand who pays for installation, testing and cutover of bug and feature upgrades.

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- **Who pays?** Who owns the hardware, who refreshes the firmware and who pays for failed devices? Be sure the provider warrants that any hardware installed on premise is not end-of-life and is fully capable of supporting feature upgrades, quality of service, security, features and general SLA requirements. Unexpected premise updates can incur significant costs.
- **Is there open-source in there?** Open-source software is less expensive than purpose-built industry alternatives. Yet it can be more expensive to your vendor over time to enhance, secure and operate. Meanwhile vendors built upon commercial purpose-built platforms have innovation amortized across an industry through their licensing of that software. Check that the open source vendor is able to sustain product innovation and security for the long run.
- **Is the PBX useful life assumption realistic?** Vendors and service providers will present comparative cost calculations for CapEx and OpEX. Those comparatives will vary widely based on their assumption about the useful life of the new technology. CapEx-driven vendors will advocate for long useful life: “You can keep this PBX for 10+ years.” Meanwhile, OpEx service providers will advocate for shorter useful life and constant technology refresh. Who is right? What’s the proper useful life and calculation period? There’s a temptation, reasonably based on hotel history, to again assume a long useful life for your next PBX. But this temptation may be wrong. Long PBX useful lives have been possible because the hotel voice services have been static for several decades. However, today there are big changes happening in both enterprise and consumer voice. The conservative approach in avoiding an unplanned re-investment is to assume shorter life cycles for the next few generations of voice technology.

4. A Platform for Innovation is Being Created

It’s easy to imagine the next hotel PBX decision as a cost-driven PBX replacement decision. However, the cloud PBX decision is no longer about the guest room phone and the PBX. The next platform will drive how hotels interact with their guests over any fixed or mobile technology. It will also unify voice, video, collaboration, messaging, and presence, and as such will help transform staff productivity and guest interaction.

A voice-only decision around PBX defers innovation to the next generation of technology right at the time that innovation is accelerating. Further, a premise-only decision locks innovation inside the building and makes a broader interaction with guests more difficult. Beware a technology choice that limits innovation.

Innovation starts at your service provider, whose core technology platform must inherently provide UC as a service (sometimes called “UCaaS”). The service providers operating from a native UC platform will innovate more quickly around the future of work, collaboration, and guest relationship interaction. They will be better prepared to integrate fixed and mobile. So while you can’t manage a telco’s technology, a glance at the platform technologies behind your service providers is warranted. The test is simple. A service provider with a narrowly described PBX platform with no or limited capability in messaging, collaboration, video and presence is creating hotel communications systems that are a generation away from innovation.

Look for innovation at three levels:

a) The Unified Communications Cloud Technology Platform:

The hotel cloud PBX will be backed by a cloud-based UC communications platform such as Broadsoft’s BroadWorks® (our favorite of course). Quite simply, is the platform an industrial-

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strength sustainable platform that's driving innovation in the service provider industry? The ability to create a cloud PBX has never been easier through open source downloads. However, creating a long-term platform for sustainable, cost-effective innovation around everything, including voice and video, collaboration and presence, is much more challenging.

b) **The Cloud Hospitality Middleware (Software) Platform:**

Hotel cloud PBXs require hospitality features and integrations. The integration of cloud PBX to hotel properties and enterprise systems can be very challenging given the diverse, distributed and proprietary technologies across the hospitality industry. Establish how a service provider acquires both these integrations and the hotel feature sets. The desired answer is cloud-based middleware (Broadsoft UC-One Hospitality is our favorite of course!). Middleware interconnects a carrier's voice platforms to the hotel systems. Middleware also provides unified features. Does the middleware platform you're evaluating have a history of broad-based hospitality innovation?

c) **Optional Local Feature Servers (From Hybrid Cloud/Premise Solutions):**

Hybrid voice solutions have their merits. Hybrid is another way of saying that certain communications features are being deployed back to the hotel premise. More often than not, this represents an architectural limitation of the cloud solution that's being sold as a desirable attribute for service reliability. But in practice, cloud-premise hybrids are internally more complex. Their features must be synchronized and refreshed. Meanwhile, their monitoring and management are inherently more complex. All of this makes their technology evolution more complicated. Innovation is slower when

each property needs to be touched. Cloud communications architectures are driven by a cloud platform interacting with a smart end point hard or soft device. Look skeptically at solution architectures that place interim platform layers between the cloud and the client.

These observations define a change in thinking around hotel voice services. The industry is shifting from technology management to service management and from a static technology that rarely changed to one that lays a new foundation for innovation centered around the activity of people. Hotels are not choosing guest room phones anymore—they're building infrastructure for collaboration and human experiences. This is a much more interesting activity in any industry.

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