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The Holy Grail of Room Inventory Distribution - Cloud PMS

The Current Travel Technology Stack



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In speaking with hoteliers in the past, it was clear that they viewed the property management system (PMS) as an operational tool, dissociated with travel technology. However, with the growth of the small and mid-segment independent hotels as well as the maturity of Cloud PMS that offers more integrations and distribution features, there has been a definite shift in perception.

The PMS is now considered a strategic tool rather than a tool that manages only operations. It has become an integral part of travel technology, where the two cannot be looked in isolation any more. Let's see how.

The New Foundation of Travel Technology

If we understand how the new travel technology stack looks like at a very high level, there are three main layers:

- The customer facing layer consisting of online travel agents (OTAs), TripAdvisor and more.
- The middle layer with productivity tools like revenue management, channel management, CRM and others.
- The property management system now lies at the core, as it holds 100% room inventory. Earlier, the inventory to be distributed would stop at the CRS level. But, in the new travel technology stack, it is pushed further down to the PMS level which becomes the foundation.

This change came about with the rise of smaller independent hotels. They came with very limited room inventory that needed to be distributed and made available on diverse sales channels. The lesser the inventory, higher was the challenge to effectively distribute and manage fulfilment while maintaining rate parity.

The increase in the various online marketplaces posed a much bigger challenge to distribute inventory reliably. This would often lead to double bookings, especially for the smaller hotels. Bringing in reliable, real-time fulfilment of inventory directly from the hotel became the top priority. And, this real-time distribution of room inventory to the various channels like OTAs, GDSs, social media, the hotel's own website, mobile platforms and more could only be facilitated and furnished by end-to-end automation made possible by a Cloud PMS.

For these reasons, we believe that the Cloud PMS is the 'Holy Grail of distributing room inventory'. We particularly refer to 'Cloud PMS' as legacy PMS fails to rise to this challenge and has hit a technological bottleneck to collaborate with internet based services in real-time.

The Paradigm Shift

As we have seen in the new technology stack, the only way to block rooms is through the Cloud PMS because the distribution now ends at the Cloud PMS instead of the CRS.

This shift to Cloud PMS has suddenly made the complex ecosystem more streamlined and beneficial for a smaller independent hotelier. Let's look at the major benefits:

- For reasons stated above, the move from unreliable ways of distribution to reliability has been made possible for the independent hospitality businesses by Cloud PMS. This is a big advantage from the whole supply chain point of view as it benefits everyone involved in the supply chain and most importantly, the end consumer who is making the booking.
- A lot of smaller players are now able to sell on platforms that were not available earlier because of the reliability factor. It is not uncommon for a GDS to refuse to sell a 9-room property.
- The inventory does not stop at CRS or channel managers, but goes downstream to the Cloud PMS, which gives more control and power to the hotelier as well as the end distributor.
- Cloud PMS also solves the problem of distribution of static content like images. Updating static content across multiple channels was earlier hard to maintain, but no

longer. It can now go through a single source - the Cloud PMS. This, we believe still needs specialized services, a topic that is large enough to discuss separately.

By fuelling this shift, Cloud PMS has become an inseparable part of the travel technology stack. It has taken its rightful place at the foundational layer, where it works as a unified distribution tool.

We are seeing a wave where travel technology biggies now have a Cloud PMS strategy. In times to come, we will see more PMSs not just integrated with distribution but also have 'in-built' capabilities to collaborate with revenue management tools, make decisions and drive distribution via services like channel managers and GDSs.

What we are seeing today is just the beginning where these services have begun to loosely integrate with each other. We will soon see them arm-in-arm, which will be a boon to the smaller and mid-segment hospitality industry, especially for the independent properties. It will give them the level playing field they were looking for against the brands that always seem to be in the 'line of sight'.

The inventory held by the PMS is priceless, and Cloud PMS makes it reliable and available in real-time. Hence, the only true and trusted source that fuels distribution for smaller independent hotels is undoubtedly the Cloud PMS, making it the Holy Grail of room inventory.