IDC MarketScape

IDC MarketScape: Worldwide Hospitality Property Management Systems 2022 Vendor Assessment

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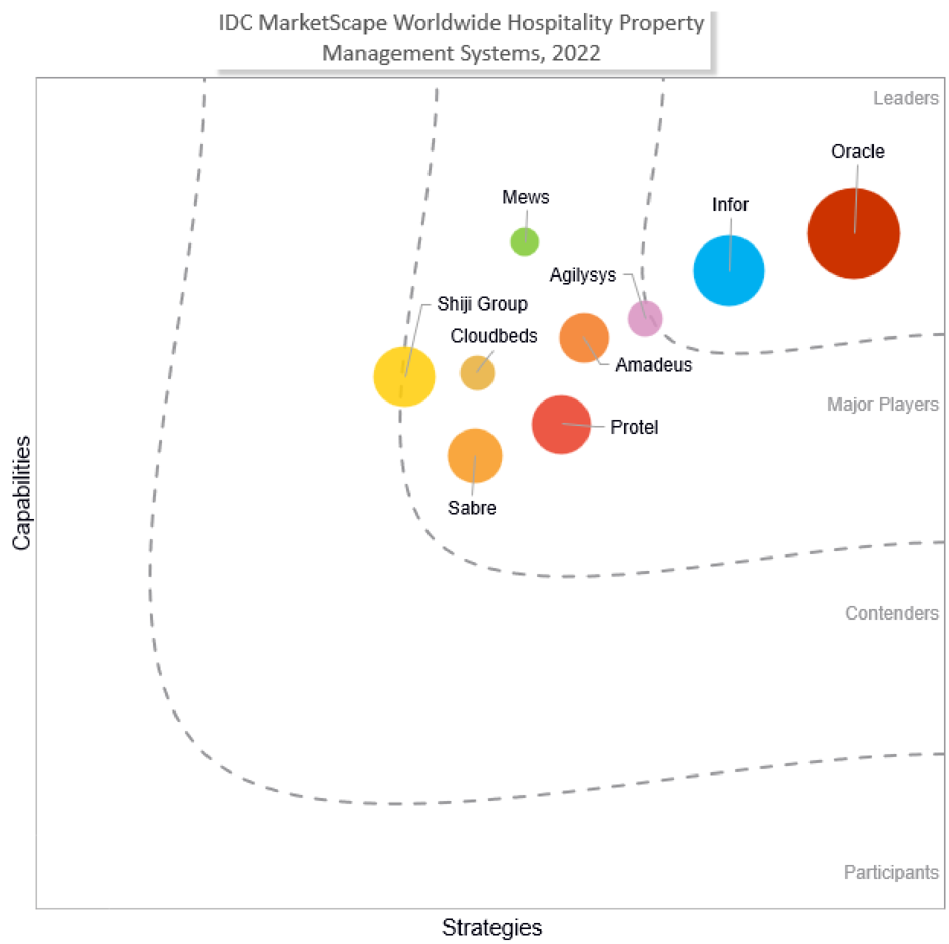
THIS IDC MARKETSCAPE FEATURES MEWS

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Hospitality Property Management Systems Vendor Assessment



Source: IDC, 2022

November 2022, IDC #US48098122e

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Hospitality Management Systems 2022 Vendor Assessment (Doc # US48098122). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

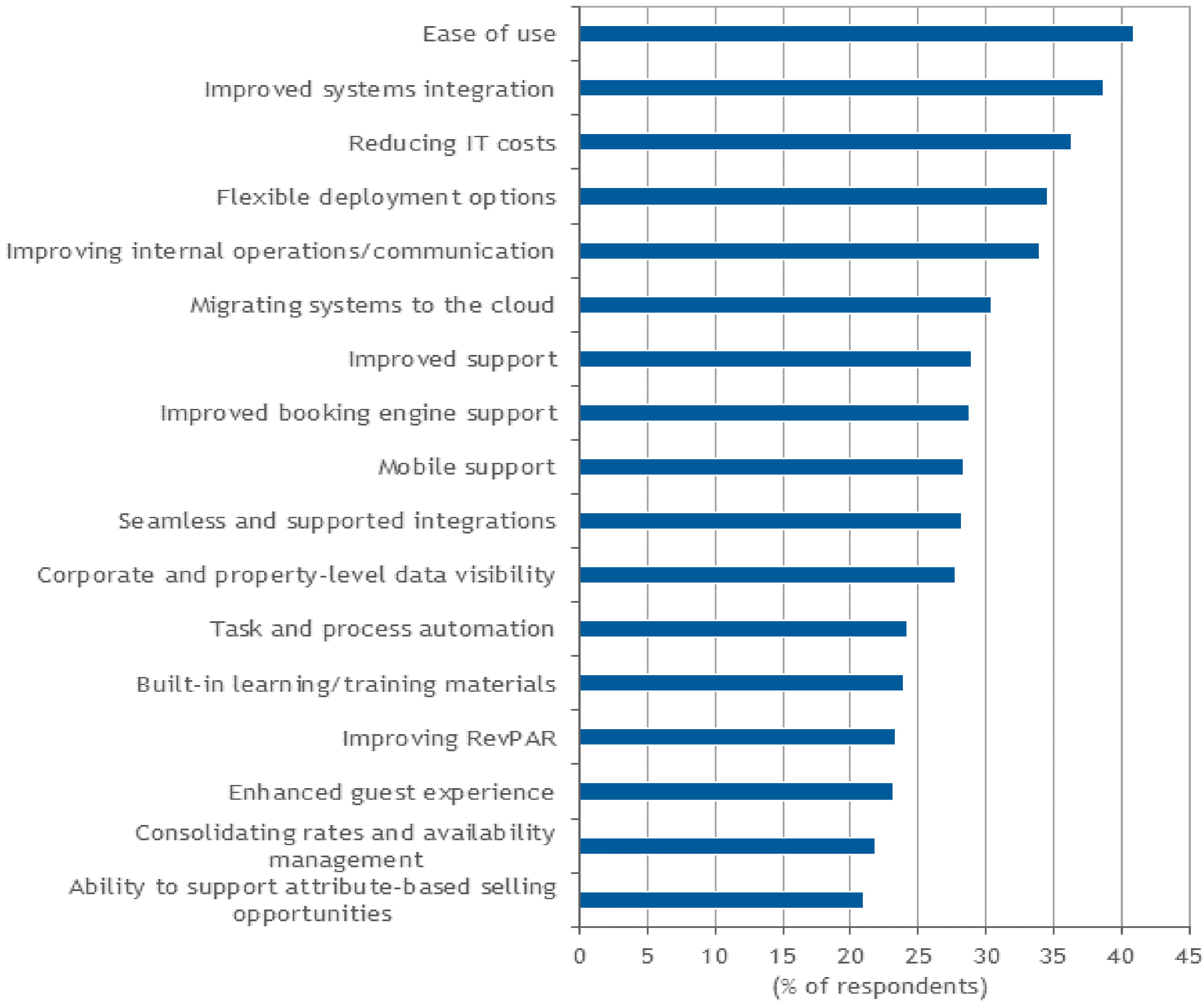
IDC OPINION

Hospitality organizations worldwide are facing a greater set of challenges coupled with the most rapid pace of digital change ever seen. Surviving the effects of the global COVID-19 pandemic was merely the beginning for an industry that now must grapple with a return of demand and guests that have different — and higher — expectations. These expectations necessitate that brands provide property managers and frontline staff with tools to quickly and efficiently service guests while they are on property and empower guests to self-service when appropriate. The property management system (PMS) has long sat at the center of hospitality enterprise software and has a key role to play in achieving these goals.

With that, the PMS is a focus area for hospitality technology investments, and 21% of hotel respondents said they were currently upgrading or purchasing a PMS and 27% were planning to make upgrades or purchase by 2024, according to IDC's August 2021 *Hospitality and Travel Survey* (n = 603). For those hotels looking to make changes in their current PMS, the driving forces for the shift reveal the key challenges that hoteliers are facing and how they hope a PMS can help achieve strategic objectives (see Figure 2). Topping the list of reasons hoteliers are looking to upgrade their PMS are ease of use (41%) and improved integrations (38.8%). Considering that the PMS is the front line of defense for hotels — it's where check-in and checkout occurs — it needs to be reliable and easy to use as staffing woes including high turnover has been an issue plaguing hospitality for years and was only exacerbated by the impact of the pandemic.

FIGURE 2

Top Drivers for Hospitality Organizations to Upgrade or Purchase New PMS



n = 603

Source: IDC's *Hospitality and Travel Survey*, 2021

Like the term or not, by the nature of its long history, the PMS is a legacy system, and in a sense always will be since it has been a cornerstone of the hospitality industry in some form for decades.

As the needs of properties became more complex, so too did the technology stacks and as other systems began to emerge, the role of the PMS started to shift. Property management is both broad and focused and as such needs to be flexible to adapt to the changing needs of a diverse industry. Property management systems historically had been "on property," but as global enterprises began to move operations to the cloud, the PMS needed to adapt as well. At first, this was a dividing line between new players that professed to be "cloud native" and legacy players that had to offer new cloud solutions. Hospitality organizations are still making this move to "above property," as 22% of hospitality organizations name cloud migration as a reason for IT budget increases and 31% say it was the reason pushing them to adopt a new PMS.

This shift to the cloud has brought a great sea change to the PMS space. With cloud capabilities has come the ability to quickly innovate and share data and insight from and to any location. This visibility is reshaping how properties operate and raising the bar for competition. Hospitality enterprises are eager to innovate and find technology solutions that will enable them to achieve top business objectives. These top 5 goals for hospitality organizations include increasing revenue (41%), increasing customer loyalty (37%), reducing operating costs (32%), improving employee experience (32%), and improving employee efficiency (27%).

These objectives highlight the need for technology partners to offer out-of-the-box solutions to solve for issues such as efficiency and experience in tandem with the ability to integrate to other solutions. It's important for hospitality providers that vendor partners participate in or offer ecosystems of services.

The intent of this study is to present an evaluation of enterprise-level vendors offering PMS software solutions globally. As part of this evaluation process, these technology vendors provided an assessment of their current capabilities and strategies, responses to an extensive questionnaire, an in-depth briefing, and access to reference clients to appraise their ability to meet the needs of technology buyers looking for property management system providers.

Key findings from the research of these PMS software vendors include:

- PMS software vendors are moving to a platform approach with data and systems integration across operations to ensure consistent customer experience across all channels and offering hospitality operators greater scalability and flexibility to add new features and access invaluable data. While vendors are moving toward this platform approach, IDC notes divergent approaches in a few areas including payments acceptance, ease of updates for PMS SW, and data integration strategies.
- There is significant movement to cloud-first, API-first PMS platforms, requiring providers to assist hospitality brands understand how best to mix and match services and modules based on need while also allowing for ease of scaling solutions and updating systems, to enable hospitality organizations to capture guests and improve lifetime customer value.
- PMS software vendors should emphasize innovation to keep up with rapidly evolving needs/demands of guests and addressing workforce challenges, by infusing solutions with advanced technology including predictive analytics and artificial intelligence (AI)/machine learning (ML).
- The PMS landscape is quite fractured as hotel enterprise technology continues to be complicated, largely driven by the complexities of regional and local regulations and needs. Legacy providers are faced with nimble challengers that are addressing many areas that had been persistent obstacles and capture attention of enterprise brands. As these newer players address issues of scalability, the PMS space is set to shift again. With the maturation of cloud technology and moving data to the edge, hospitality organizations should seek out technology partners that understand the nuances of their specific brand and guest needs and are able to address those specific challenges.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

Vendors must offer enterprise-level property management system software solutions for the global hospitality and travel sector. The following characteristics outline the requirements for inclusion in this important research:

- Has an established reputation offering PMS software solutions in the hospitality and travel industry with significant revenue from enterprise-size operators characterized by at least one hospitality/travel client with annual revenue of at least $100 million
- Has revenue greater than $25 million annually
- Offers an enterprise-ready PMS software solution offering advanced functions and capabilities and offers a product that has been deployed at multi-property organizations
- Utilizes the PMS product across multiple properties

ADVICE FOR TECHNOLOGY BUYERS

- **Build a collaborative relationship from the outset:** Consider a technology partner that seeks to understand brand differentiators as well as strategic objectives and will listen and respond to those specific needs. These requirements don't need to necessarily be customizations in feature requests but rather should yield discussions that influence the vendor's road map for the product at a larger scale.
- **Strategize scalability and flexibility:** Select a PMS provider that understands and embraces the rapidly evolving technology ecosystem of hospitality. Ensure that functionalities are being designed and developed to enable a future state of business and consider what that will look like if the PMS is required to play a different role in the hotel technology ecosystem.
- **Evaluate new and alternative revenue streams:** Consider how the PMS will play a role in fostering new revenue streams. Collaborate with PMS partners to ensure that features and capabilities will enable new ways of monetizing data, attributes, and other avenues along the guest journey beyond rooms. This can extend from attribute-based selling to membership or subscription opportunities.
- **Future proof payments:** Strongly consider how a PMS provider is enabling payments whether through their own payment gateways and payment solutions or through partnerships. As the payments space rapidly evolves, the PMS will need to be a part of solving for ease of payment from a guest-facing perspective. Evaluate how PMS providers are a part of the payment solution to help eliminate anxiety and uncertainty from guest payments. Consider how the solution will solve for the pain of requiring guests to pay at checkout and what features and functionalities will be necessary to accept a wider range of preferred payment types including alternative payments.
- **Put data at the forefront:** In the omni-channel world, systems must be able to quickly synthesize, distill, and report data to appropriate parties across a myriad of sources. Providing front desk staff, housekeeping, and other associates with real-time data is key to providing premier guest experiences and improving efficiencies. Data integration is paramount. Ask potential vendors to demonstrate how its PMS offering enables a real-time single point of truth of the guest across all channels and properties.
- **Double down on efficiency:** Efficiency is paramount at the front desk, but that efficiency must extend to hotel operations. Look at PMS providers through the lens of how the PMS user experience (UX) is reducing clicks, streamlining operations, and making both the employee

and guest experience better. UX should be more than configuring desktops; it should increase communication and provide a level of visibility for employees across property.

- **Focus on functionality:** As the PMS space moves toward platformization, it's important to evaluate and prioritize what a PMS features and what functions will be added or can be easily integrated. As integration continues to be important for hoteliers as they build tech stacks, a PMS vendor should have a clear view of how integrations will be seamless and not create redundancies.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Mews

According to IDC analysis and buyer perception, Mews is positioned in the Major Players category in the 2022 IDC MarketScape for worldwide hospitality property management systems.

Founded in 2012, Mews currently operates offices in Prague, London, Amsterdam, Paris, and New York with a roster of roughly 550 employees across 20 countries. Of that staff, over 200 are devoted to R&D and product development, which drives the company's focus on Mews' platform offering, including the property management system.

As a relatively nascent player, Mews stands out with its unique approach to PMS. Mews is a cloud-native, serverless, multitenant SaaS platform that is designed to allow hoteliers to benefit from system architecture that is designed for cloud deployment. Enabling properties to be completely mobile and innovating quickly with upgrades and installations don't result in downtime at the property.

In addition to being cloud native, which older PMS offerings admittedly had catching up to do over the past decade, Mews offers several distinctive operations and capabilities. These differentiators include the mindset of charging a guest rather than a "room" to create a history of guest spending and allows for a better return guest experience and its nesting approach to space management that allows different attributes or room types to be grouped. Focusing on guests rather than rooms arms hotels with better visibility to guest demands and actions, improving upsells and marketing opportunities.

Other unique capabilities such as the elimination of night audit, payment automation, and its Mews Marketplace with 600+ integrated partners have helped the company enjoy near exponential growth since the first property went live in 2013. Within a two-year period, the company was live at 30 properties in nine countries; by 2016, those numbers more than doubled with 276 properties in 30 countries. Today, Mews PMS is live in 2,927 properties in 70 countries. Revenue has grown 200% year over year, and the company raised $33 million in Series B round in August 2019.

The Mews platform offers multiple capabilities including operations, guest journey, marketplace, business intelligence, open API, POS, and payments. With Mews payments, the company automates payments for hotels and decreases manual errors while increasing security as hotel employees are not handling credit card data.

Today, Mews has its largest property share in Belgium, the Netherlands, and Luxembourg (Benelux) and is looking to expand further in North America, APAC, and Europe. The company believes that within the NA market, the United States will be a promising market for Mews due to a new partnership with a multinational hospitality company. Mews is looking to rapidly expand its footprint in Europe and APAC.

In December 2021, the investment arm of software company Salesforce announced plans to invest an undisclosed amount into Mews. This comes on the heels of Mews migrating five systems for managing sales, support, and customer relations to Salesforce. The Salesforce investment will be used to further help fund Mews' expansion goals including increasing employee count.

Also fostering the company's growth is Mews acquisition strategy with five in four years. These acquisitions include four PMS and a POS. The PMS acquisitions, Planet Winner, Base7Booking, Hotel Perfect, and Cenium, were strategically selected to strengthen positions in regions including Belgium, Germany, the United Kingdom, and Nordics. The acquisition of Bizzon POS in 2022 enables Mews customers to have a fully integrated PMS, payments, and POS experience for guests.

Strengths

- Mews is a product-first company and is very well positioned to help the hotel industry move to a model that enables hoteliers to redefine occupancy and monetize every attribute and space of a hotel. The current client roster and capabilities give Mews an edge in operationalizing and scaling around a "revenue-per-available resource" strategy.
- Mews takes a holistic view of hospitality that is attractive for both small and large chains. Making the shift from a 100% occupancy to a 100% utilization mindset offers a clear path for ROI for hotels, and that is enabled by the Mews product offering.
- Mews offers strong support and accommodations for customization of its product with user-defined fields to allow customers to optimize usage, rates, and inventories that are unique to their properties.

Challenges

- Mews must demonstrate to the hospitality market that it is truly a worldwide enterprise player and able to shift from its focus on individual hotel needs to global hospitality companies. To achieve this, the company will need to continue with its plans to add and enhance capabilities such as driving new offers and promotions and property templates that make it easy for users to switch from one brand to another. The recent addition of two large global enterprise hospitality clients has expanded Mews' global presence, but the company's strategy does not include focus in other major regions like South America, Middle East, or Africa.
- Mews does not prioritize industry standards as part of its strategy, preferring to be flexible and allow hoteliers to "build their own" and utilize the Mews partner success team to manage integrations. The average Mews brand has eight integrations. Global brands that will require more than this while needing to meet brand standards often seek out and find value in industrywide standardizations. Forgoing the sort of standards that organizations like AHLA/HTNG work to establish can create additional challenges with consistency for large-scale brands.
- Mews developed its product to be disruptive to the status quo of the hospitality industry and is making strategic moves to less of a PMS player and as more of an "everything player." To gain market share in the larger brands, concerns over agility and scalability will need to be addressed along with the mindset shift that will be necessary.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

The nine vendors evaluated in this study represent a majority share of spending in the worldwide property management system market in hospitality, as outlined in the IDC MarketScape Vendor Inclusion Criteria section. The PMS market is complex and highly fragmented with local- and region-specific solutions. There are countless other vendors that offer PMS solutions but are not included in the evaluation for one of several reasons, such as the company's overall PMS revenue did not meet the criteria or the company offers a solution specific to one region with no plans for expansion. Some of the vendors that did not meet this particular study's criteria for inclusion but offer PMS solutions that may warrant a hospitality company's individual evaluation are Maestro, StayNTouch, innRoad, Frontdesk Anywhere, Hotelogix, FCS, and WebRezPro.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Note: All numbers in this document may not be exact due to rounding.

Market Definition

This is a worldwide IDC MarketScape with a comparison of the property management solution vendors in hospitality and travel subsectors. By nature of the work that PMS performs, this IDC MarketScape evaluates PMS as it pertains to a portion of the broader IDC market definition of hospitality and travel including franchised and individually owned hotels and motels (7,011), cruise lines – water transportation of passengers (4,489), casinos (70,110,301), vacation lodges, ski lodges, tourist camps/cottages, resorts, seasonal hotels, inns (70,110,400), bed and breakfasts (70,110,401), hostels (70,119,901), and apartment hotels/homeshares (such as Airbnb, Vrbo), which fall under the real estate classification (6,513).

IDC defines property management system (PMS) as a software suite or platform as related to the day-to-day control, management, and execution of hotel and travel that allows property owners and desk workers to manage overall business by coordinating reservations, online booking availability, payments, and reporting in a central location. A property management system is a software that facilitates a hotel's reservation management and administrative tasks. The most important functions include front desk operations, reservations, channel management, housekeeping, rate and occupancy management, and payment processing.

This study focuses on platforms that unite many core functions of a hotel front desk and back office in one hotel software system with particular focus on integrations with CRS to develop a platform to support future-ready, attribute-based selling models. Functionalities of these hotel management software suites include allowing property owners and front desk workers to manage day-to-day business by coordinating reservations, online booking availability, payments, and reporting and the ability to manage and monitor metrics (RevPAR, ADR, etc.) in one central place, helping brands see measurable results in reducing operating costs and improving efficiencies.

Features that must be present in the hotel PMS will streamline operations for front-office staff and guest services and include the following capabilities: check-in and checkout of guests, visibility to room availability, ability to adjust existing reservations, back-office functionality (schedule housekeeping or maintenance).

LEARN MORE

Related Research

- *IDC Survey Spotlight: Hospitality Augments Customer Experience with AI-Enabled Solutions* (IDC #US48650222, September 2022)
- *Cloud Investments Deliver on Reducing Costs and Increasing Security for Hospitality and Travel* (IDC #US49640522, September 2022)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2022: Experiential Hospitality, Dining, and Travel* (IDC #US49228922, August 2022)
- *IDC PlanScape: Customer Data Platforms for Hospitality and Travel* (IDC #US47778022, July 2022)
- *Digital First and Data Driven: Hospitality, Dining, and Travel Technology Investments and Strategies — IT Spending and Business Objectives Focus on Resiliency and Adaptability* (IDC #US47248821, March 2022)
- *IDC Survey Spotlight: IoT Analytics Drives Hospitality and Travel Organizations to Be More Predictive, Prescriptive, and Automated* (IDC #US48650322, January 2022)
- *IoT Projects in Hospitality and Travel Prioritize Employee Efficiency* (IDC #US48789722, January 2022)
- *IoT Projects Achieve on Top Business Objectives for Hospitality and Travel Brands* (IDC #US48789622, January 2022)
- *IDC TechBrief: IoT-Enabled Hospitality and Travel* (IDC #US47249321, December 2021)
- *IDC Market Glance: Frictionless CX in Hospitality and Travel, 4Q21* (IDC #US47249421, November 2021)

Synopsis

This IDC study examines the key strategies and capabilities that hospitality property management system vendors are offering to the worldwide enterprise hospitality market. The study evaluates and examines the strength of vendors as innovation and efficiency partners as well as capabilities in integration and partnerships, user experience, innovation, data reporting and analytics, guest engagement, flexibility, and scalability.

"The hospitality property management system space is rapidly evolving as legacy systems move to the cloud and must adapt to a complex hospitality technology ecosystem. The pressures put on front desk staff require systems that are faster and more intuitive and insightful than ever. This has put a laser focus on the PMS, and technology partners are recognizing that the PMS must be flexible and open in order to offer solutions for hotels across segments and market sizes as the market shifts to seek platform solutions," says Dorothy Creamer, research manager, Hospitality and Travel Digital Transformation Strategies at IDC. "This research uses a comprehensive set of criteria to evaluate PMS vendors that are offering solutions to the global hospitality market. With heightened demand and expectations of guests coupled with strained labor conditions, hospitality operators must evaluate PMS partners on what capabilities they can quickly roll out and iterate to help companies sustain and grow business in the years ahead as digital demands increase."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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