

Business Intelligence: “Essential for Today’s Hospitality Environment”

Top companies rely on BI systems to spot unnecessary costs, solve problems quickly

By Cam Troutman, Vice President, Aptech Computer Systems

June 2009 – In a year of unpredictable travel for most Americans, many hotel management companies are leveraging Business Intelligence (BI) systems with daily data analysis to monitor and optimize business performance. Operators acknowledge there is no magic bullet in today’s economic climate, but hospitality industry executives value the visibility BI provides into daily expenses, management performance and markets that enables them to make better informed decisions that affect profitability.



Operators explain that BI systems that combine data from Smith Travel Research, hotel PMSes, time and attendance and other systems make it possible to keep a closer eye on variable costs and solve problems more quickly than spreadsheets.

“We are not looking for a panacea with BI,” said Joseph S. Bello, CHA, vice president of asset management with Inland American Lodging Advisors, Inc., which owns more than 100 properties carrying Hilton, Marriott, IHG, Hyatt, and Choice flags. “The fact is that access to a greater variety of performance information triggers closer scrutiny of why specific properties are successful or need attention.” Inland is implementing a Business Intelligence (BI) system called Execuvue® from Aptech for recurring analysis reports on metrics like:

- Highest, median, and lowest cost-per-room of certain expenses such as payroll and operating costs, compared on multiple levels including brand by brand; manager by manager, etc.
- Rollups of data by manager, market, and other factors to see which management teams are best at controlling costs, capturing market share, and maintaining profitability and flow-through.
- Quickly identifying properties that lie outside the norm for each criterion.

Story behind the Numbers

Bello said that often there is a “story behind the numbers” to explain why key performance indicators are below or above budget. Many times there are very specific reasons why certain hotels are performing at a higher level than others; and often external circumstances may cause variances that become evident through BI analysis. In other situations, operational or revenue-generating strategies may need to be deployed to correct deficiencies.

Bello noted, “An example of external drivers that may influence cost variances would be labor costs in tertiary markets versus major metropolitan markets.” Or it might be something more easily solvable, like excessive overtime or other conditions that management can easily correct with short-term strategies.

For Mark T. Pate, Sr., assistant controller and IT director for Highpointe Hotel Corporation, daily reports from the business intelligence system are as essential as morning coffee. “We use our BI to track each of our hotels’ performance,” he said. “At 7:40 every morning I get a report with our

customized ‘property scorecard’ and ‘daily ranking’ printouts. The Ranking report lists our hotels by metrics that include RevPAR, occupancy, ADR, and MTD room revenue. The property Scorecard shows daily performance against plan, and the metrics for same-day last year. Aptech built these reports for us with green and red color-coding, so we can quickly spot properties that may be under budget and require attention.”

Support for Strategic and Tactical Decisions

Industry executives agree that BI helps them spot problems before they become trends. LQ Management L.L.C., with 600 La Quinta Inns and Suites properties, uses Execuvue BI in its corporate offices for daily management reporting to track business performance for better-informed management decisions. Execuvue provides customized executive graphic performance displays that include YTD and same-day last year comparisons by market, brand, and further criteria for RevPAR, ADR, occupancy, and other measures.

Vivek Shaiva, chief information officer for LQ Management, L.L.C., said, “The Execuvue BI enables LQ to provide its officers and corporate management team with daily operating reports to track key business performance indicators. In the current market economy, the system is a critical part of LQ’s management information system that provides support for tactical and strategic decisions.” Shaiva said his team worked with Aptech to develop custom flash reports that show the company’s overall performance and enable executives to drill down into data to evaluate individual property contribution.

LQ Management collects operating data from all its properties during the night audit process, and then consolidates the individual hotel information into a central database that exports it to Execuvue for management reporting and analysis. “Our CEO and other officers have custom Execuvue operating reports on their desk by 8 a.m.,” Shaiva said.

Profitability is in The Numbers

This economy is a challenge to many operators, but executives can make sound decisions more quickly with accurate daily performance data that impacts profitability. Solid, clearly-stated numbers show where to focus management energy—and this is vitally important in a time when people are deciding at the last minute if they will take business trips or vacations that drive occupancy and revenue.

At HITEC Aptech will be in Booth # 218 –
Stop by to meet the team, receive a demo, or to say hello.

HITEC TUTORIAL SESSION by Cam Troutman
“Power Your Profits! Flow-through Business Analysis, a Tool for the Times.”
Tuesday, June 23rd at 11:15 am (Tutorial Room A).

About Aptech Computer Systems



Aptech Computer Systems, Inc., based in Pittsburgh, Pennsylvania, leads the hospitality industry in leveraging change by valuing human relationships and applying technology to solve business problems for people.

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