

APPS RUN THE WORLD

Leisure and Lodging

Vertical Applications Market Report 2009-2014,
Profiles Of Top 10 Vendors

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Summary

This applications market sizing report analyzes the 2009 performance of the top 10 applications vendors in the leisure and lodging vertical. Following a steep recession that almost crippled the industry, hotels and casinos have regained their momentum with increased business and leisure travel activities.

Large and small companies in the vertical have started flexing their muscles by expanding around the globe, resulting in both infrastructure and IT spending to create an integrated environment that optimizes productivity, profitability and customer experience.

Top Line and Bottom Line

On the top line, hotels and gaming facilities have been pouring considerable resources into their front-office, property management, customer service and operations systems in an attempt to gain better business insights. The collective intelligence is becoming increasingly important to hotel and gaming operators that need to replicate positive customer experience from one site to another, reinforcing their brand value in order to generate new and incremental revenues from their sophisticated clientele.

The bottom line is that hotels and gaming facilities that have put in place robust and scalable systems will stand to benefit the most from the onslaught of global travel, which is heating up as the economic recovery takes hold.

Market Overview

The market for applications for the leisure and lodging vertical shrank 3% in 2009 as hotels, cruises and casinos faced severe headwind amid one of the worst recessions in history.

Some of the hotels kept up with their applications implementations especially those that had been planned years earlier, while others decided to postpone or put off their projects as they reduced their capital expenditures to stave off the effects of the recession.

For example, more than 500 Best Western properties have installed new property management applications from Multi-Systems, while system conversion was completed at more than 100 Wyndham hotels, which also standardize on Multi-Systems WinPM and Enterprise PM applications.

Vendors took advantage of the downturn to expand. Infor, which has been mostly selling into asset-intensive industries, acquired Softbrands. With large numbers of customers in both hospitality and manufacturing verticals, Softbrands has been focusing on limited-service hotels and its purchase by Infor will help it expand into international hotel chains.

Micros, the behemoth in the leisure and lodging vertical, acquired TIG Global, a marketing agency specializing in Website development, social and mobile media activities for the hospitality industry in January 2010.

While occupancy rates may still be under pressure in metropolitan areas, demand for new hotels continues to soar in fast-growing countries such as China, India and many parts of Latin America and the Middle East. For applications vendors that are capable of withstanding the downturn because of their large installed base of customers, diversified revenue streams and extensive product portfolios, the payoff is within reach.

Implications Of The Great Recession of 2008-2009

As vacancy signs were lit and casino seats went unoccupied, the leisure and lodging vertical experienced a sharp drop in business, causing hotel and casino operators to curtail their IT spending.

Compounded by the lingering effects of the credit crisis, major hotels, including tier-1 names such as Four Seasons Resort and Club in Dallas, went into foreclosure in June 2010 after the owners with more than \$175 million in debt missed their payments. Other trophy properties around the world faced similar financial problems.

While luxury hotel chains were hard hit by the recession, budget and modestly-priced properties held up pretty well. The same applies to casinos such as Las Vegas Sands, which has rebounded nicely because of its loyal following in Macao, a successful IPO and its new gaming facility in Singapore.

Royal Caribbean Cruises and Carnival Corp., two of the largest cruise ship operators, appeared to have rebounded from recession with minor scratches. The former rolled out its biggest ship ever with a spectacular maiden voyage in November 2009.

While it is too early to declare the end of the bust for the leisure and lodging vertical, vendors have reported promising results in the first quarter of 2010. Micros, for example, saw a 7% rise in software sales during the period citing improved demand from its hotel and retail customers. The same applies to Par Technology, which reported a return to operating profitability on a slight rise in revenues for the latest quarter for its hospitality division, which caters to hotels and restaurant chains.

Such early signs of recovery may reignite the interest of customers to jumpstart IT projects that have been left dormant by the recession. Hotel and casino operations will start using the latest applications to help them improve their financial results through operational efficiency and better customer experience, two disciplines that continue to elude many of them.

Customers

When the recovery returns, large hotels and casinos will continue to drive some of these applications projects. However much of the growth will come from small and mid-sized properties and gaming facilities that are likely to emerge from the recession in better shape than luxury or tier-1 brands because they carry less debt, which allows them to expand more freely.

Another silver lining is that choice hotel assets are being snapped up at a bargain, paving the way for new system implementations to improve their operations and returns for investors. For instance, 78 hotels have been acquired for a total of \$2.2 billion in the first four months of 2010, according to Real Capital Analytics.

Hotels and casinos in fast-growing markets such as China, Brazil and others will also seek to expand to capture the domestic travel boom, which is likely to favor the building of budget and mid-priced facilities. Accor, for example, has announced plans to add 10 new hotels in 2011 and five more in 2012 in Indonesia.

Top 10 Applications Vendors In Vertical

The following table lists the 2009 shares of the top 10 applications vendors in the leisure and lodging vertical and their 2008 to 2009 applications revenues (license, maintenance and subscription) from the vertical.

Vendor	2009 Share (%)	2009 Applications Revenues From Leisure and Lodging (\$M)	2008 Applications Revenues From Leisure and Lodging (\$M)
Micros	25.5%	152.3	164
Infor	9.9%	59	57.4
Kronos	8.5%	51	49
Amadeus	6.4%	38	37
Pegasus	6.0%	36	35
Multi-Systems	4.4%	26	24
Partech	4.2%	25	30
Agilysys	3.2%	19	25
Protel	2.8%	17	16
IDeaS/SAS	2.5%	15	14
Subtotal	73.4%	438.3	451.4
Other	26.6%	158.7	166.6
Total	100.0%	597	618

Vendors To Watch

Vendors to watch in the leisure and lodging vertical will include those that are expected to do well in developing countries.

CM Solucoes in Brazil and eZee Technosys Pvt. in India are good examples of indigenous software houses that have sharpened their focus on the hotel vertical by tailoring property management and computer reservation systems for properties in up and coming destinations from Azerbaijan to Santiago, Chile.

Brilliant Hotel Software has also done well in the SMB segment by selling its Brilliant PMPRO for Hotel Front Office to an installed base of 2,000 hotels around the world.

Outlook

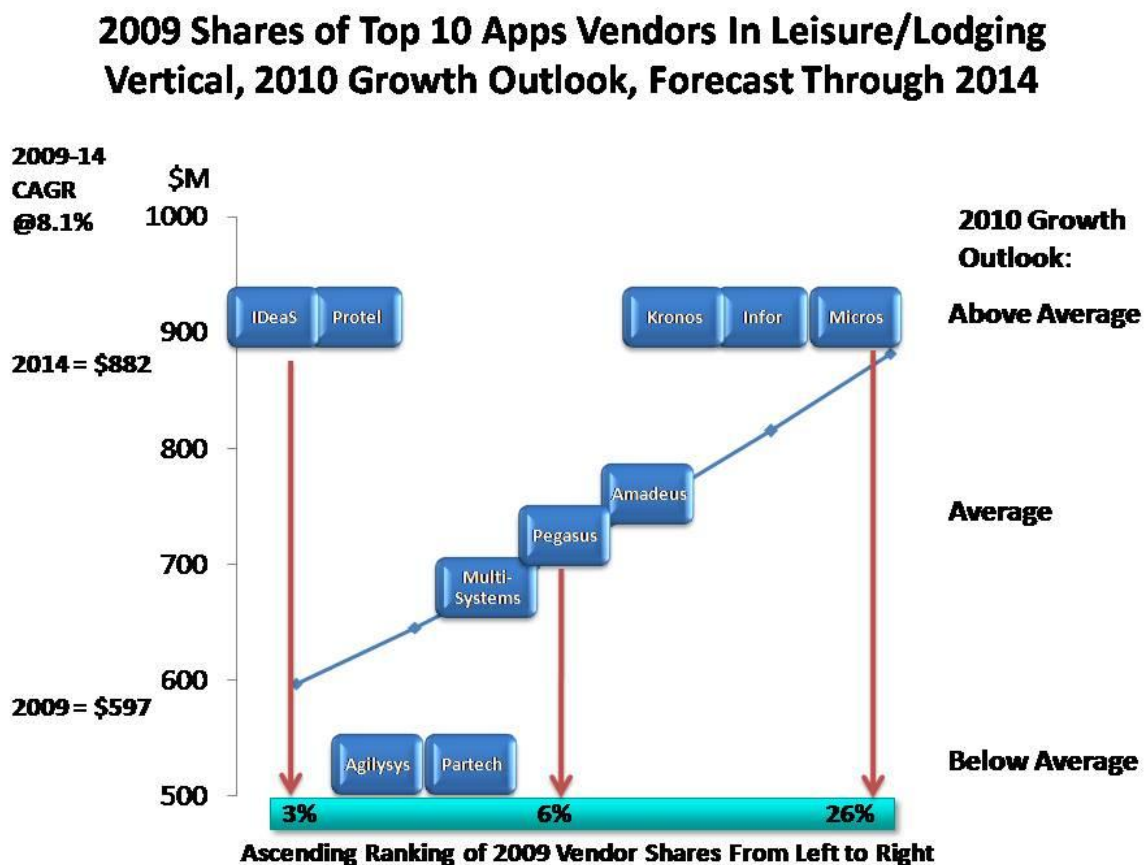
The leisure and lodging vertical is slowly making its way out of the recession and many of the applications vendors are expected to see sustainable growth over the next 18 to 24 months as new projects are being approved to take advantage of the global travel boom.

On the upside, the popularity of travel sites and social media tools will become the great equalizer for small and mid-sized hotels and vacation boat operators to siphon business away from big chains, setting the stage for a new round of competition that is likely to be determined by how each side leverages the best applications for getting and retaining the mind and wallet shares of savvy travelers.

On the downside, there is still a huge backlog of legacy system upgrade and replacement projects especially among big hotel operators that may have to put them off because of their debt position, something that may take years for them to deleverage.

SCORES Box Illustration

The following graphic shows the 2009 shares of the top 10 leisure and lodging applications market with Micros claiming the top spot at 26%, followed by Infor, Kronos, Amadeus, Pegasus and others. Based on our SCORES methodology, Micros, Infor, Kronos, Protel and IDEaS are rated above average for their growth potential in 2010. The market is expected to achieve a 8.1% compound annual growth rate rising from \$597 million in 2009 to \$882 million by 2014.



Profiles of Top 10 Applications Vendors In Vertical

- Micros
- Infor
- Kronos
- Amadeus
- Pegasus
- Multi-Systems
- Partech
- Agilysys
- Protel
- IDEaS/SAS

Micros

Columbia, MD

www.micros.com

Overview:

Founded in 1977, Micros has become a leading applications and point-of-sale hardware vendor focusing on leisure and lodging vertical. Typical customers range from multi-property and single-location hotels, casino operators and cruise lines.

Applications Revenues In Leisure and Lodging:

	2008	2009
\$(M)	164	152.3

2009 Applications Revenues In Leisure and Lodging By Region:

Region	2009(\$M)	% of total
Americas	86.81	57%
EMEA	48.73	32%
Asia Pacific	16.75	11%

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	76.15	50%
Large(1K-5K ees)	45.69	30%
SMB(1K ees and below)	30.46	20%

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
License	50	32.8%
Maintenance	102.3	67.2%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 25.5% share in the leisure and lodging vertical, Micros' ability to maintain and win share in the market segment in 2010	Above average

Full overview:

With years of relentless pursuit and strategy refinement, Micros has extended its lead over its competitors in the leisure and lodging vertical as existing customers gravitate toward vendors that demonstrate staying power through continuous innovation, new business development and solid recurring revenues.

While other vendors have been retrenching, Micros charged ahead with a series of acquisitions. In January 2010 it acquired TIG Global, a marketing agency specializing in Website development, social and mobile media activities for the hospitality industry.

In 2007 Micros acquired RedSky, which offered e-business solutions for retail and hospitality verticals. In 2008, Micros acquired Check-In Data AG, its distributor of hospitality and retail products in Switzerland.

Currently more than half of Micros sales comes from restaurants, hotels represent 35% of its business and retail accounts for 13%.

Key Applications For Leisure and Lodging Vertical:

Opera Enterprise Solution

SCORES Analysis

Strengths

Micros offers a complete suite of applications for the leisure and lodging industry ranging from property management to kiosk self-service. Its flagship product is Micros PMS under the Opera brand name. The Opera suite offers functionality such as property management, central reservations, customer information systems, sales and catering, revenue management, sales support, data mining, financial statements, condominium reservations and accounting, golf reservations, spa management, and quality management. Micros applications are typically designed for the Microsoft environment and Oracle databases. Some customers also run the systems on IBM AIX hardware.

For the cruise industry, Micros offers Fidelio Cruise PMS, which enables cruise ships to manage their reservations and on-board operational needs including check-in and check-out, point-of-sale, passenger and crew administration, invoicing, maintenance tracking and passport document management.

Customers

With more than 26,000 hotels as customers, Micros has continued to expand its presence in the leisure and lodging vertical by following the global rollout plans of its customers as they develop new properties and destinations.

Recent wins included Aston Villa Football Club's Villa Park Stadium, Atlantic Hotel, The Peninsula Hotels, Blue Rainbow Apartments, Czech Inn of West, Deville Hotels, Hard Rock Hotels, MGM Grand at Foxwoods, Omni Hotels, Pestana Hotels and Resorts and WORLDHOTELS.

Some of its long-time customers such as Marriott put in thousands of Micros' applications and POS systems in a given year.

Opportunities

For future expansion, Micros relies on upgrades from existing customers needing to convert their legacy systems, an enlarged international distribution partner network as well as becoming more entrenched within its installed base. It also plans to add new interfaces that connect to mobile devices such as iPhone, kiosks and Web APIs.

Risks

With nearly \$900 million in revenues, Micros' presence in the leisure and lodging and retail verticals has become difficult to dislodge. When such an applications giant sneezes, the whole market could catch a cold. That's why it was unnerving to see a well-oiled machine like Micros becoming a victim of fraudulent activities committed by one of its employees in Japan for more than three years between 2005 and 2009. The result of the indiscretion was an overstatement of \$6.9 million in revenues and \$4.9 million in net income during the period. While the figure in dispute amounted to a little more than 1% of its net income during the period, it still raised the question of whether internal controls were properly enforced. It is also fair to suggest that in order to shore up confidence among customers, prospects and investors, the next phase of growth for Micros will be judged by a higher standard because of its outsized presence in the hotel and gaming segments where many of its customers have their share of being scrutinized for their corporate governance and internal financial controls.

In addition its hardware and software sales continued to see decline in the last quarter of 2009, suggesting that recovery is still elusive for some of its customers that have grown to be more attached to their existing systems than ever. The challenge for Micros is to start weaning them off their existing systems by boosting the appeal of its hosted offerings with additional incentives as well as other measures to accelerate the replacement cycle.

Ecosystem

The latest addition to Micros' ecosystem is the new alliance with Preferred Hotel Group, which has selected Micros as its exclusive recommended Property Management System technology partner for its more than 750 hotels in more than 65 countries. The alliance is expected to boost Micros' position in selling into well-established single-location hotels affiliated with Preferred, supplementing its relationship with chain hotels such as Marriott.

Other business development plans included partnering with eRevMax International to incorporate Micros Opera into its channel management systems.

Micros primarily sells direct to customers in leisure and lodging vertical, but it also partners with a range of technology companies including Epson, HP, Microsoft and Oracle.

Shares

With a 25.5% share in the leisure and lodging vertical, Micros' ability to gain share is above average because of its leadership position as well as a penchant for making tucked-in acquisitions and strategic alliances with key partners to sustain its growth.

On the upside, Micros has managed to prevail through the recession and it stands to benefit the most as the economy recovers with many of its long-standing customers jump-starting their IT projects as they become more dependent than ever in using the latest technologies to help them differentiate and better serve their customers.

On the downside, Micros is fast becoming a target by anyone trying to crack the leisure and lodging vertical and its hardware and software strategy could result in a bigger burden for the vendor to sustain its lead over others that choose to stay nimble and be disruptive on either front.

Infor

Alpharetta, GA

www.infor.com

Overview:

Infor, a major ERP applications vendor, doubled down its bet on the leisure and lodging vertical after picking up property management applications specialist SoftBrands in 2009. Typical customers range from major casinos to budget hotel chains.

Applications Revenues In Leisure and Lodging:

	2008	2009
\$(M)	57.4	59

2009 Applications Revenues In Leisure and Lodging By Region:

Region	2009(\$M)	% of total
Americas	29.5	50%
EMEA	17.7	30%
Asia Pacific	11.8	20%

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	8.85	15%
Large(1K-5K ees)	29.5	50%
SMB(1K ees and below)	20.65	35%

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
License	16.85	28.6%
Maintenance	42.14	71.4%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 9.9% share in the leisure and lodging vertical, Infor's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

In 2009 Infor expanded its presence in the leisure and lodging vertical by acquiring SoftBrands for \$80 million. SoftBrands operated in two markets – hospitality and manufacturing. Infor, which is funded by big private equity firm Golden Gate Capital and primarily competes in the manufacturing vertical, has started positioning SoftBrands as its applications offerings for services-based industries.

Unlike its previous acquisitions where its acquired products would be rolled under the Infor umbrella, the vendor is planning to invest heavily in sustaining the brand equity of SoftBrands, which will be known as an affiliate of Infor.

Infor's Hospitality division now offers Medallion, Portfolio, RIO, Legacy Systems, Epitome.net PMS and Core CRS. Steady recurring revenues from hospitality legacy systems IGS Hotel and LANmark provide conversion opportunities.

Founded in 2001, SoftBrands was a part of Aremis Software. It acquired MAI Systems for its Hotel Information System in 2006 for \$20 million.

Key Applications For Leisure and Lodging Vertical:

Medallion PMS, Portfolio back office/front office, MAI Systems Hotel Information System

SCORES Analysis

Strengths

With the additions of SoftBrands offerings for leisure and lodging vertical, Infor has assembled a full line of applications that meet the needs of hotel and casino operations ranging from price and property management to central reservation systems for front-desk operations supplemented by analytics and corporate performance management applications tailored for hotels and casino operators.

Prior to the acquisition of SoftBrands, Infor offered Infinium financial accounting and performance management applications for hotels and casinos.

The combination has already resulted in new products. In June 2010 Infor announced SoftBrands HMS, which encompasses components of the CORE central reservation system along with property management system capabilities to create a cloud-ready, SaaS enabled application for the leisure and lodging vertical. With direct integration into the Infor Financial Management application, SoftBrands HMS is designed for all types of hotels that require a scalable system to better manage guests, rooms, rates, reservations, and distribution, while supporting their fast-growing operations in multiple cities.

By leveraging its Infor ION system architecture, SoftBrands HMS is expected to facilitate non-disruptive upgrades as well as easy access to add-on components. Other complementary solutions from Infor's extensive product portfolio include applications for workforce management and customer relationship management that have been deployed in the leisure and lodging vertical.

Customers

Infor's Hospitality division has more than 5,600 customers. More than 3,100 hotel properties were picked up via the SoftBrands acquisition, while the rest has been using SunSystems and Infinium applications.

Recent wins included American Cancer Society Hope Lodges, Kimpton Hotels, Red Roof Inns, US Navy Lodges, Westmont Hospitality Group. The Red Roof deal was a multi-phase project under which SoftBrands would sell a full suite of hospitality technology products and services to the hotel chain's 330 sites.

Opportunities

Infor's biggest opportunities in the leisure and lodging vertical lie in emerging markets where its extensive product portfolio is considered a key to addressing end-to-end automation demands. In China, for example, sales of its

applications for hotels and entertainment venues are expected to grow at a rate of between 12% to 15% in 2010, compared with single-digit increases in developed countries. Among Infor customers in China are New Otani Chang Fu Gong in Beijing and a growing list of hotels in tier-2 cities where demand for property management applications is particularly strong because of the boom in domestic travel.

Risks

With a bulging product portfolio for multiple industries, Infor faces the common challenge of linking its different applications through an evolving Service Oriented Architecture(SOA) strategy. The SoftBrands HMS product is architected using the Infor SOA architecture and Infor will continue to monitor its product strategy for future integration. Specific to the leisure and lodging industry Infor will need to consider vertical standards such as HTNG into its product integration strategies.

The key may lie in establishing stronger ties with reseller partners as well as bulking up its professional services organization to create more templates and implementation best practices and attain across -the-board customer satisfaction.

Ecosystem

Infor has been rebuilding its ecosystem for the leisure and lodging vertical since its purchases of SunSystem in Europe and SoftBrands in the United States. Infor, which has been primarily selling direct, is increasingly working with key partners to address specific needs of hotels and entertainment companies such as casinos.

One of its key partners in the vertical is Professional Accounting Solutions, which has been implementing Infor SunSystems FMS and PM 10 in such areas as Uniform System for Accounts for hotels in North America and the Caribbean.

Prior to acquisition, Infor SoftBrands worked with EZ Yield.com for channel management distribution and TabletKiosk for portable workstations for hotels and casinos. Infor has also partnered with Intelligenz for leisure Management, Squirrel for food and beverage Management, Digital Alchemy for e-mail marketing, Newmarket for sales and catering, Pegasus for distribution, Expedia for QuickConnect Specifications, SynXis for central reservations through HTNG Distribution Interface, Red Rock for purchasing, IDEAS for revenue management and Elavon/Shift4/3C for credit card processing.

Shares

With 9.9% share in the leisure and lodging vertical, Infor's ability to gain share is above average with the help of its extensive product portfolio.

On the upside, Infor's ambitious branding campaign seems to have resonated with its installed base and new prospects positioning the vendor as the viable alternative to other ERP systems normally associated with steep integration costs. In addition its recent launch of SoftBrands HMS will help the vendor generate incremental revenues among larger hotels in established and fast-growing hotel markets.

On the downside, until its SOA strategy is proven to benefit its ERP and industry-specific applications customers alike, most of its hotel and casino customers are likely to take a wait and see approach on how they can incorporate Infor's vast product portfolio into their applications environment incrementally.

Kronos

Chelmsford, MA

www.kronos.com

Overview:

Kronos, a leading vendor in the workforce management applications market, is beefing up its presence in the leisure and lodging vertical after years of enhancing its solutions for the hospitality industry. Typical customers include casino owners and large hotel chains.

Applications Revenues In Leisure and Lodging:

Year	2008	2009
\$(M)	49	51

2009 Applications Revenues In Leisure and Lodging By Region:

Year	2009(\$M)	% of total
Americas	45	88%
EMEA	6	12%
Asia Pacific	0	0

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Year	2009(\$M)	% of total
XL(5K ees and above)	41	80%
Large(1K-5K ees)	10	20%
SMB(1K ees and below)	0	0

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
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License	10	20%
Maintenance	37	72.5%
Subscription	4	7.8%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 8.5% share in the leisure and lodging vertical, Kronos' ability to maintain and win share in the market segment in 2010	Above average

Full overview:

As one of the largest vendors of workforce management applications, Kronos is sharpening its focus on a number of strategic verticals including the leisure and lodging industry where it has already secured a large number of hotel and casino customers.

These establishments, many of which operate properties around the world, have turned to Kronos for an array of applications designed to help them automate such mission critical functions as absence management, complex scheduling and time keeping.

Over the past few years, Kronos has accelerated delivery of additional applications through acquisitions and continuous product enhancements. The acquisitions of Unicru, ClarityMatters, SmartTime have given Kronos

customers products to handle a wider range of tasks from Web-based recruiting to contingent labor hiring and from labor management to workforce analytics.

Putting these pieces together underscores Kronos' transformation from a reactive approach that helped its customers tabulate time and labor costs to a proactive model designed to anticipate future workload of its customers, who are now equipped with ample amounts of budgeting and forecasting data to make smarter hiring, staffing, and scheduling decisions.

In October 2009 Kronos acquired Stromberg, which offered workforce management applications for some 1,400 midmarket organizations.

The purchase coincided with Kronos' decision to align its entire organization with the requirements of its vertical customers by assigning dedicated teams to focus on the healthcare, retail, hospitality, public sector, manufacturing, services, and distribution markets.

Key Applications For Leisure and Lodging Vertical:

Kronos Workforce Management, Kronos Workforce Acquisition, Kronos iSeries Gaming

SCORES Analysis

Strengths

In selling into the leisure and lodging vertical, Kronos has kept up with the changing needs of customers from different parts of hospitality industry. By making its products more feature-rich and adaptable to trends such as globalization and compliance, Kronos has boosted its workforce management franchise by delivering tangible benefits to its hotel and casino customers.

For example, Marriott has been using Kronos Workforce Acquisition applications for six years to process more than three million job applications for openings at its 3,100 locations around the world.

Because of its entrenched presence among casinos, Kronos has become the key technology enabler that addresses a host of operational requirements such as gaming industry tip compliance as well as absence and leave management for casino hotels to tackle planned and unplanned absences and other attendance issues from schedule bidding to calculating the costs of routine or nonstandard labor activities.

That has become particularly effective for hotel and casino companies that face high attrition rates and seasonal staff shortages to turn to Kronos for its leisure and lodging-specific solutions and rules engines as the answer to solving their workforce management problems.

For that reason, its clients have considered the applications from Kronos so vital that they would not think of using anything else for fears of disrupting their business, which helps explain the resiliency of the vendor during the economic downturn.

In fact, some of Kronos customers have increased their investments in Kronos applications because of the need to have greater visibility into their cost structure through tight control of employee schedule as well as work rule compliance.

Customers

Kronos has more than 1,000 customers in the leisure and lodging industry. Recent wins included Leisure Sports, a fast-growing active lifestyle business that owns and manages fitness resorts and hotels; and White Lodging Services Corporation, a fully-integrated independent hotel ownership, development, and management companies in the U.S.

Existing customers include Golden Nugget, MGM Mirage, Seminole Gaming, Shooting Star Casino, Marriott, Stamford Hotels & Resorts, Club Corp., Royal Caribbean, Millennium, Regal Entertainment Corp., and Hilton.

Opportunities

In 2007 Kronos was acquired by private equity firm Hellman & Friedman, which has invested heavily in vertical-industry applications vendors such as SSP and Vertafore in insurance. The new owner has instilled new operational rigor into Kronos, while sharpening its focus on strategic verticals and product areas that reinforce its capabilities to innovate.

The January 2010 launch of Kronos' next generation workforce management applications with such new features as Instant Engagement, Guided Decisions, and Complete Control extended Kronos' usability quotient of its applications. By matching the way they use applications to their job functions, the new products could broaden the sphere of influence of Kronos to places and users where it has never been able to reach.

Because Kronos applications already touch millions of users, any expanded use could put the vendor in the front and center position of any organization that it serves, shutting out other systems that may be in the position of encroaching upon its space.

The latest release of Workforce Central, for example, offers enhanced ERP integration, lower total cost of ownership, complete control of various workforce management business processes and additional global capabilities.

Stonebridge Companies, which operates nearly 40 hotels in the US, has upgraded to the latest release of Workforce Central taking advantage of its new time and attendance features that can handle its complex pay rules without the need for costly customization. The extensive use of Kronos applications means that Stonebridge has eliminated the need of adding similar modules from the SAP human resources and payroll applications that it also uses, reducing its exposure to ERP systems that could lead to a different set of upgrade, integration and maintenance challenges.

Risks

Because of Kronos' track record of serving long-time customers with iSeries platform, the migration path for such legacy systems may take some time and the vendor has invested heavily in its professional services organization to ensure easy upgrades. So far more than 1,000 organizations in different industries have gone live with the latest release. For a vendor with some 40,000 customers including more than 1,000 in the leisure and lodging vertical, a great deal is needed to accelerate the upgrade cycle with easy to use templates and methodologies that reduce the overall costs of change management of its clients. This comes at a time when hotel and casino companies would rather spend their time and resources on their sales, marketing and customer service activities than on IT changeover issues that could entail system downtime and disrupt their day to day operations. It's incumbent upon Kronos to raise the bar by helping the majority of its customers take advantage of its latest release in a compressed time frame.

Another challenge for Kronos is to establish seamless connection between its on-demand recruiting applications and its on-premise workforce management solutions, which could have significant impact on its decision to become an all-encompassing human resources management technology provider.

Extended integration with the hiring application will be coming in the next Workforce Acquisition release slated for the August/September timeframe. As competing vendors are jockeying for the leadership position to deliver such integrated solutions, Kronos may have no choice but to follow suit, or risking ceding customer control on anything that has to do with personnel management, a front and center issue for any hotel and casino establishment that it seeks to court.

Ecosystem

Kronos primarily sells direct and it works with a number of consulting firms specializing in workforce management projects. Workforce insight and JAT Computing Consulting are among the major Kronos implementation partners. Kronos also works with ACS, Navisite, and Savvis for application management and hosting support.

Shares

With an 8.5% share of the leisure and lodging vertical, Kronos' ability to gain share is above average because of its outsized presence in the workforce management applications space.

On the upside, Kronos' vertical strategy should bode well for its hospitality customers, allowing them to optimize the vendor's increased product and marketing resources to help them tackle a range of people and operational challenges.

On the downside, Kronos' number of customers in the leisure and lodging vertical is just a fraction of its installed base and any long-term success will require tweaking its channel strategy to go after volume business by penetrating small to midsized hotel and casino companies. To that end, Kronos has been gearing up with a dedicated sales team for SMB companies since October 2009.

Amadeus IT Group SA

Madrid, Spain

www.amadeus.com

Overview:

As one of the largest IT solution providers for the travel industry, Amadeus has been expanding its presence in the property management applications market through acquisitions and continuous product enhancements. Typical customers range from large hotel chains to independent property owners.

Applications Revenues In Leisure and Lodging:

	2008	2009
\$(M)	37	38

2009 Applications Revenues In Leisure and Lodging By Region:

Region	2009(\$M)	% of total
Americas	4	10%
EMEA	25	66%
Asia Pacific	9	24%

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	10	26%
Large(1K-5K ees)	16	42%
SMB(1K ees and below)	12	32%

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
License	0	0%
Maintenance	0	0%
Subscription	38	100%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 6.4% share in the leisure and lodging vertical, Amadeus' ability to maintain and win share in the market segment in 2010	Average

Full overview:

As one of the biggest Global Distribution System providers, Amadeus has been boosting its presence in the leisure and lodging vertical through alliances and continuous enhancements of its technology and services offerings.

Amadeus, which also runs one of the most advanced airline IT operations in the world, started offering property management systems for hotels in 2005 with the purchase of Optims, a major technology provider for the lodging industry in Europe.

It spent the next few years integrating Optims into the rest of Amadeus operations, while enhancing its technology infrastructure and establishing alliances with key partners from travel agencies to hotel management companies.

More recently it launched LinkHotel, a new distribution and marketing service for small and mid-sized hotels and management companies.

Key Applications For Leisure and Lodging Vertical:

Amadeus Property Management Systems -PMS- (Front Office, Back Office, Point of Sales and Inventory

Management Interfaces), Yield Management Solutions (known as Revenue Management Systems -

RMS), Central Reservation Systems (CRS), Customer Relationship Management (CRM).

SCORES Analysis

Strengths

With its dominance in the European travel and transportation market, Amadeus' hotel IT operation has benefited from the economy of scale of the parent's huge research and development resources. Following the acquisition, Amadeus improved the technology infrastructure of Optims to the Linux platform, boosting its performance and scalability to take advantage of open-source standards.

Then Amadeus extended its reach into consolidators such as Transhotel with the launch of Amadeus Hotel Store, which links the content from consolidators to the point of sale systems used by travel agents. It also added Carlson Hotels Worldwide to its Direct Connect program connecting the hotel company's five brands and 1,000 properties with the GDS from Amadeus.

Such moves are expected to generate additional upsell and cross-sell opportunities for its hotel IT operations. Because of its technology prowess, Amadeus is leading the charge on open interoperability for all key stakeholders within the leisure and lodging vertical to exchange real-time content for efficient booking and customer information management.

One such initiative is OpenTravel Alliance that allows hotels, car rental companies and travel agents to exchange messages using standard XML data format. Amadeus has been a big proponent behind the use of the Open Travel Alliance XML technology.

Customers

Amadeus Hotel IT group has more than 1,450 customers in 35 countries and 6,700 hotel properties in 75 countries have implemented Amadeus Property Management System. Its GDS is connected with 80,000 hotels around the world for broad distribution of their reservation information.

City Lodge Hotels, Golden Tulip Jaipur, LA Hotels, S.A., Real Hotel Company's purplehotels were among reference wins from Amadeus Hotel IT group.

Existing customers include Accor, Le Méridien, Envergure, Thistle, Boscolo, Nouvelles Frontières, Châteaux & Hotels de France, Radisson SAS, Barceló Hotels & Resorts, Savoy Group, Four Seasons, Arabelle Country Estate, Beachcomber, FRAM, Meritus Hotels & Resorts and Royal Parc Evian.

Opportunities

The March 2010 launch of Amadeus LinkHotel underscores the vendor's desire to migrate its small and mid-sized hotels running its legacy distribution system Otedis to a new platform for better access advanced global and internet distribution systems (GDS and IDS). Amadeus LinkHotel also provides reservation tools, marketing services, and commission handling.

If the migration strategy pays off, it could pave way for bigger hotels running earlier Optimis systems to take advantage of new ways of selling and marketing their products and services.

Risks

As a division of €2.5 billion technology company, Amadeus Hotel IT group is often obscured by its counterparts at Airline IT division or those of its flagship GDS operations. In addition Amadeus has been expanding its presence in rail and ferry services. What it suggests is that continuous innovation for its hotel IT group will be a shared process, rather than a dedicated effort that some of its competitors would be able to use to drive a wedge between the Amadeus' hotel solutions and its technology roadmap for the leisure and lodging vertical.

Ecosystem

Amadeus primarily sells direct its IT Solutions. It also works with a number of technology partners including SAP, IBM, Microsoft, British Telecom (BT), Cisco, Unisys, Siemens, HP, AT&T and SITA and software vendors such as Travelfusion, Hitch Hiker, InteRes, and Trisept.

Shares

With 6.4% share in the leisure and lodging vertical, Amadeus' ability to gain share is average because of reliance on recurring revenue streams from existing hotel customers.

On the upside, Amadeus' leadership position among European GDS providers will provide its hotel IT group with a robust platform to attract customers that are either expanding their hotel properties or seeking to upgrade and replace their entire systems in order to take advantage of the Amadeus GDS as well as its other complementary products and services that target travel agents and other buyers.

On the downside, while Amadeus is gearing up to expand following a successful stock offering, the near-term prospect of its hotel IT group will depend on whether it can get enough air cover from the parent company to boost its profile in fast-growing regions like Asia Pacific and Latin America.

Pegasus

Dallas, TX

www.pegas.com

Overview:

Pegasus, which started out as switch service for reservation processing, has become an application specialist focusing on the leisure and lodging vertical. Typical customers range from major hotel chains to travel agencies.

Applications Revenues In Leisure and Lodging:

	2008	2009
\$(M)	35	36

2009 Applications Revenues In Leisure and Lodging By Region:

Region	2009(\$M)	% of total
Americas	18	50%
EMEA	12.6	35%
Asia Pacific	5.4	15%

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	18	50%
Large(1K-5K ees)	12.6	35%
SMB(1K ees and below)	5.4	15%

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
License	10	27.8%
Maintenance	26	72.2%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 6% share in the leisure and lodging vertical, Pegasus' ability to maintain and win share in the market segment in 2010	Average

Full overview:

Pegasus, which combines application development and transaction processing for the leisure and lodging vertical, is best known for supplying central reservation systems and electronic distribution services for the hotel industry.

Pegasus offers RezView NG, its latest Central Reservation System technology solutions for hotels, ContentHub, representation services Utell with Market Insight Business Intelligence tools, CRS connections to the global distribution systems (GDS) and other alternative distribution systems (ADS), marketing services to drive hotel bookings and Travel Agent commission processing and reconciliation.

In 2009 Pegasus processed more than 30 billion transactions, up from 100 million 20 years ago. Founded in 1989, Pegasus acquired rival WizCom, a maker of switch connectivity technology services geared towards the hotel and car rental industries in 2007. Before the deal, WizCom was a subsidiary of travel services conglomerate Travelport. In 2006, Prides Capital Partners bought Pegasus Solutions for \$275 million.

Key Applications For Leisure and Lodging Vertical:

PegasusCentral Web-based Property Management System, CRS, electronic distribution, commission processing and payment

SCORES Analysis

Strengths

With its long history and extensive network of partners, Pegasus has become one of the biggest technology and service providers serving the travel industry. Pegasus has become one of the largest third-party marketing and reservation providers in the world. It serves the 10 largest U.S.-based travel agencies, eight of the top 10 agencies in the U.K., more than 95,000 hotel properties around the globe. More than 1,000 Web sites and services have their hotel reservations powered by Pegasus.

Customers

One of its latest wins is Park Plaza Hotels Ltd., a 35-hotel chain that has signed a two-year agreement with Pegasus Solutions for its Global Commission Processing Services. Other recent wins included Lihotec, Marriott International and Scandic Hotels.

Opportunities

Pegasus makes money by providing a turnkey solution for hotels, travel agencies and other entities helping them process room reservations, commission payment as well as other financial transactions. For example, Pegasus processes more than \$500 million in commissions annually, serving more than 35,000 properties, as well as the majority of travel distributors in more than 200 countries.

Risks

As consumers are increasingly bypassing travel agencies and online travel booking sites by going to the source for better discounts, Pegasus is meeting that challenge by making more online marketing tools available to hotels, which could have an adverse impact on its other recurring revenue streams namely commission processing fees.

Another near-term challenge is for Pegasus to enable hotels to ensure last room availability by managing their GDS, CRS, ADS and branded website channels straight from their property management systems, which would require point to point between Pegasus' engine and that of any of the property management systems being used by its hotel customers.

As the online revolution continues to alter the business models of every stakeholder within the travel industry, the issue is whether Pegasus is planning to side with its hotel customers and perhaps risk losing support from travel agencies in the long run.

Ecosystem

Pegasus' recent alliances included a pact with VFM Leonardo to integrate VScape Digital Asset Management System and visual content library into Pegasus' online distribution database, as well as an agreement with Worktopia to make available meetings bookings online.

Pegasus has established a three-tier partner program. Premier Partners are primarily technology and solution partners that add value to Pegasus' technology offerings. Premier Partners can offer Pegasus' services on a branded or white-label basis as part of an overall value-added solution. Volume discounts for Pegasus' services range up to 30 percent. Premier Partners will have to assume responsibility for all client care, contracting, pricing and billing.

Authorized Sales Agent Partners serve as Pegasus' representatives in specific geographic areas and vertical markets. Compensation consists of commission payments based on a percentage of revenue collected and bonus payments for new customer acquisition and sales of strategically important services.

The third tier is the referral partners that receive a finder's fee for successful lead referrals.

Shares

With a 6% share in the leisure and lodging vertical, Pegasus' ability to gain share is average as its customers continue to look for better channel and customer relationship programs to service travel agents, local franchisees, and remote locations.

On the upside, as hotels are increasingly offloading their legacy systems by leveraging on-demand and business service outsourcing services, Pegasus should stand to benefit because of the flexibility of its transaction processing capabilities as well as the scope of its ecosystems.

On the downside, Pegasus' recurring revenue streams are under attack by hotels and travel agencies that are locking horns over the implications of their eroding margins on the heels of a severe recession and third-party service providers like Pegasus could be caught in the cross-fire as travel commission structure undergoes radical changes.

Multi-Systems

Phoenix, AZ

www.msolutions.com

Overview:

Founded in 1991, Multi-Systems has grown to be one of the biggest applications vendors for the leisure and lodging vertical with increased adoptions at some of the fastest-growing hotel chains. Typical customers include franchisees of major hotel chains and hotel management companies.

Applications Revenues In Leisure and Lodging:

	2008	2009
\$(M)	24	26

2009 Applications Revenues In Leisure and Lodging By Region:

Region	2009(\$M)	% of total
Americas	26	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	7.8	30%
Large(1K-5K ees)	10.4	40%
SMB(1K ees and below)	7.8	30%

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
License	10	38.5%
Maintenance	16	61.5%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VAs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 4.4% share in the leisure and lodging vertical, Multi-Systems' ability to maintain and win share in the market segment in 2010	Average

Full overview:

Multi-Systems has become an application juggernaut in the leisure and lodging vertical for a growing list of customers that standardize on its extensive product portfolio, support infrastructure and overall ecosystem to sustain their operations.

For the past 20 years, Multi-Systems has built on such growing acceptance by constantly adapting and enhancing its offerings to meet the often diverse requirements of different hotel chains including Best Western, Wyndham, and Hyatt.

Multi-Systems targets hotel development companies and franchisees that need to replace their homegrown systems with property management, sales and catering, point-of-sale, kiosk and corporate services applications.

Multi-Systems applications include WinPM, WinSAM, NovaPlus and Enterprise PM for property management. Its applications primarily run on the Windows platform.

In 2005 it acquired NovaPlus, the property management system from Pegasus that was widely used at more than 450 Best Western properties.

Key Applications For Leisure and Lodging Vertical:

WinPM, WinSAM, NovaPlus and Enterprise PM for property management.

SCORES Analysis

Strengths

Multi-Systems takes pride in delivering leading edge technologies to its hotel customers. Last year the vendor introduced an iPhone application that allows users to have real-time access to their hotel data including availability, look up a VIP guest, manage room status or monitor RevPar, ADR and Occupancy goals to budget, right from their iPhone or iTouch mobile device.

Multi-Systems also leveraged the Microsoft Surface technology to introduce an user interface that allows hotel guests to have a new way of interacting with information and with hotel front desk employees and concierges.

A 30-inch display in a table-like form factor allows guests to interact with content and information on any topic from hotel amenities to detailed transactions like check-in and room selection, all of which can be configured to meet the requirements of the hotel operations to cross-sell products and services, drive customer loyalty and achieve operating efficiency.

Additionally Multi-Systems has been seeking to differentiate itself by focusing on such attributes as community relationship, workplace satisfaction as well as careful tracking of customer feedback through regular surveys.

The result is a constant feedback loop that systematically measures and improves upon everything its customers use to drive greater productivity and profitability.

Customers

With more than 3,000 customers in the vertical, Multi-Systems has achieved a critical mass in North America. Over the past few years, the vendor has become the standard property management system at chains such as Best Western, Days Inn, Hawthorn Suites, Wingate Inn and Wyndham. Multi-Systems' presence has been acutely felt among these customers. For example, it has installed its property management applications at more than 500 Best Western properties and completed system conversion at more than 100 Wyndham hotels.

Recent wins included Wytestone, Best Western Carib Beach, Best Western Peppertree Inns, Maho Bay Camps and Resorts, and Hyatt Place.

Opportunities

By focusing on franchise operations of well-known hotel chains and resorts in North America, Multi-Systems has plenty of room to grow as legacy replacements are on the rise among budget hotels that are at different stages of renovation in order to better compete with tier-one chains that have also been expanding down market. For instance, Best Western, the world's largest hotel chain with more than 4,000 hotels in 80 countries, opened its upscale brand Atrea for business travelers in 2009 and Multi-Systems installed its property management and point of sale applications at one of the first Atrea properties in Lackland, Texas.

Risks

The challenge for Multi-Systems lies in its reliance on a few US hotel chains that are recovering slowly from the recession. It recently decided to expand into the Canadian market via a reseller agreement. Still its reluctance of branching out into other parts of the world underscores the limitations of its applications for hotels in different countries.

Another challenge has to do with the pace of upgrades and replacements among its 3,000 customers, especially the first 2,000 installations that it put in between 1991 and 2000. Its ability to hold onto these customers could well depend on its ability to accelerate the upgrade and replacement cycles at these first-generation installations in order to ensure recurring revenues over the next three to five years.

Ecosystem

Multi-Systems has partnered with LibraOndemand on CRM implementations, IDEAS for revenue optimization, and HTNG for next-generation integration technologies for hospitality industry. Last year it expanded its ecosystem by signing HI-TECH Business Systems, which would resell Multi-Systems applications to hotels in Canada.

Multi-Systems also extended its ecosystem by partnering with eRevMax for its RateTiger online distribution management platform and Merchant Link for its lodging and payment security access products. It also signed with Meeting Matrix under a joint-marketing agreement covering Multi-Systems Sales and Catering and Meeting Matrix's Silver Planner applications.

Shares

With a 4.4% share in the leisure and lodging vertical, Multi-Systems' ability to gain share is average given its reliance on its major accounts that may be slow to ramp up their upgrades.

On the upside, Multi-Systems' penchant for the latest technologies should help position the vendor as an innovator capable of delivering new and practical features for its long-time customers generating greater loyalty.

On the downside, the vendor's ability to boost organic growth rates may be limited by the relatively long implementation cycles of its applications, which have yet to be adapted to the on-demand delivery model.

PAR Technology

New Hartford, NY

www.partech.com

Overview:

PAR Technology is a diversified technology provider selling into multiple industries including hospitality, retail and government verticals. Typical customers range from major hotel chains to single-property locations.

Applications Revenues In Leisure and Lodging:

	2008	2009
\$(M)	30	25

2009 Applications Revenues In Leisure and Lodging By Region:

Region	2009(\$M)	% of total
Americas	7.5	30%
EMEA	11.25	45%
Asia Pacific	6.25	25%

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	12.5	50%
Large(1K-5K ees)	7.5	30%
SMB(1K ees and below)	5	20%

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
License	5	20%
Maintenance	20	80%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Below average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VAs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 4.2% share in the leisure and lodging vertical, PAR Technology's ability to maintain and win share in the market segment in 2010	Below average

Full overview:

PAR Technology operates a number of divisions for different verticals. Its Springer Miller unit focuses on city-center hotels, destination spa and golf properties, timeshare properties and casino resorts worldwide, while other divisions of PAR Technology sell into retail and public sector verticals.

The SMS Host Hospitality Management System is positioned as a fully integrated solution with 20 applications modules that meet the end-to-end needs of hotel operators ranging from property management to sales marketing

and catering. SMS Enterprise enables a hotel chain or management company to instantly create a real-time, single-image consolidation of all details from allocations within a large organization for use as a central information system or as a fully integrated Property Management System(PMS)/Central Reservation System(CRS).

PAR also markets SpaSoft, a stand-alone spa management application with features such as booking engine, advanced resource inventory, yield management module, scheduling, and reporting tools. The applications are built using mostly Microsoft technologies.

Key Applications For Leisure and Lodging Vertical:

SMS Host Hospitality Management System, SMS Enterprise, PAR Smart Systems, InFusion, iSIVA, PixelPoint, QSR, POS, Loyalty

SCORES Analysis

Strengths

Full integration has become one of the best attributes of Springer Miller applications for the leisure and lodging vertical allowing its hotels to gain visibility into every aspect of their operations from booking levels to performance of its sales and marketing programs as well as detailed financial reporting.

Springer Miller has become more entrenched with its customers by offering complementary applications that help hotels manage a range of amenities from spas to golf properties.

In fact its SpaSoft has prevailed by posting profitability over the past year as its hotel chain and single-property customers continued to invest in their high-margin spa operations.

Customers

Springer Miller has more than 100 customers including chains such as Mandarin Oriental Hotel Group, Destination Hotels and Resorts, and West Paces Hotel Group. Recent wins included Mayo Hotel and Residences of Tulsa, Sulwhasoo, Bardessono and Primland.

Opportunities

Springer Miller has been relying heavily on its installed base to expand its presence. Recently it implemented its SMS/Host Hospitality Management applications at four additional properties within the Mandarin Oriental Hotel chain, a long time customer.

Customers like Mandarin Oriental have been relying on Springer Miller applications to garner detailed profiles of their guests and comprehensive guest history records in order to boost customer satisfaction and loyalty.

Risks

In 2008 and 2009 Springer Miller saw back-to-back declining revenues because of the economic slowdown. While the total sales of Par Tech fell 4% in 2009, its government business was flat and hospitality division including Springer Miller was down. However the Springer Miller is the smallest division of Par Tech and its weak performance raises questions about the company's long-term commitment to the leisure and lodging vertical.

Another issue has to do with the lack of visibility into the Springer Miller product roadmap, a result of reduced research and development activities due to corporate cutbacks.

Ecosystem

Springer Miller primarily sells direct and it doesn't have a formal channel program.

Shares

With a 4.2% share in the leisure and lodging vertical, Springer Miller's ability to gain share is below average because of lingering effects of the recession, which prevents its customers from widening their applications upgrade efforts.

On the upside, there are pockets of strength within Springer Miller's product line, especially with its SpaSoft applications.

On the downside, Par Tech's heavy reliance on its quick service restaurant operations could make it difficult for its Springer Miller division to make any dent on its top and bottom lines.

Agilysys

Boca Raton, FL

www.agilysys.com

Overview:

Agilysys, a software developer that also operates a technology product distribution division, has built a sizable presence in the leisure and lodging vertical through a series of acquisitions. Typical customers are hotel resorts and gaming facilities.

Applications Revenues In Leisure and Lodging:

	2008	2009
\$(M)	25	19

2009 Applications Revenues In Leisure and Lodging By Region:

Region	2009(\$M)	% of total
Americas	9.5	50%
EMEA	6.65	35%
Asia Pacific	2.85	15%

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	11.4	60%
Large(1K-5K ees)	5.7	30%
SMB(1K ees and below)	1.9	10%

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
License	6	31.6%
Maintenance	13	68.4%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Below average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 3.2% share in the leisure and lodging vertical, Agilysys' ability to maintain and win share in the market segment in 2010	Below average

Full overview:

With a well-established installed base of hotel customers, Agilysys has been carving out its niche in the leisure and lodging vertical by focusing on mission-critical applications such as procurement and property management.

In addition to selling back-office applications to hotel customers, Agilysys also offers such capabilities as self-service and point-of-sale terminals to restaurants and food services operators.

In hospitality, it acquired Triangle Hospitality Solutions Ltd., the UK-based reseller for its InfoGenesis products and services for \$2.7 million in 2008. It also acquired Eatec for its inventory and procurement software for the

hospitality industry for \$25 million in 2008. In 2007, it acquired InfoGenesis, an ISV for hospitality vertical, for \$91 million.

Key Applications For Leisure and Lodging Vertical:

InterAmerican Data Lodging Management Systems, InfoGenesis POS

SCORES Analysis

Strengths

Agilysys operates in hospitality, retail and IT product reselling markets. The Hospitality division sells such products as InterAmerican Data Lodging Management Systems, InfoGenesis POS, VisualOne for Property Management, Stratton Warren System for inventory and procurement, Datamagine for document management. Its latest release is Guest 360, an open database and cross platform property management system.

Through its reselling business, Agilysys has developed extensive relationship with Oracle and Sun Microsystems. Oracle also considers Agilysys a strategic partner in the hospitality and retail verticals, helping it add domain expertise to its base of technology products. As a result, its integration and service experiences should put Agilysys in a better position when selling into organizations with complex IT requirements.

Customers

With more than 500 customers involved in different segments of the hospitality market, Agilysys has developed a growing following among well-known hotel resorts. Recent wins included Treasure Island, Verve Hospitality Group, Resorts World at Sentosa, Riverwalk Casino Hotel and Trump Hotel Las Vegas.

Opportunities

With its systems integration expertise, Agilysys has carved out a niche by helping hotels and casinos extend the lifespan of their existing systems while adding new components such as mobility and payment processing support.

Risks

Agilysys has been seeking growth in multiple markets that may have little in common, which could make it difficult for its customers and investors to fully appreciate the breadth of its technology and service offerings. In addition to its IT reselling business, Agilysys also sells document management and asset management planning solutions for public sector market. The multi-pronged approach has been a focal point of a recent proxy fight among activist shareholders seeking for better returns on their investments. The influence of its largest shareholder MAK Capital is expected to grow with its plan to increase its ownership to up to one third of the company, potentially forcing substantial changes to the future direction of Agilysys.

Ecosystem

Agilysys primarily sells direct and it also implements turnkey solutions for hotels and casinos with the help of its internal professional services division.

Agilysys has been expanding its ecosystem by working closely with third party software and hardware developers for hospitality customers. Recently it received certification from IBM to resell a slew of software offerings including

IBM Information Management, Lotus, Rational, Tivoli and WebSphere software. In addition, Agilysys was named a premier partner of Verifone for its electronic payment solution.

Agilysys has also signed partnership agreements with Global Bay Mobile Technologies for its mobile solutions, and Wine Market Assistant Partner for its kiosk offerings.

Shares

With a 3.2% share in the leisure and lodging vertical, Agilysys' ability to gain share is below average because of the lack of visibility into the synergy between its low-margin technology product distribution business and its more profitable hospitality and retail applications and professional services operations.

On the upside, the softening demand for its hospitality offerings appeared to be firming up once again.

On the downside, fundamental changes to Agilysys' direction are needed to stem its decline in applications sales to hotel and casino customers.

Protel

Dortmund, Germany

www.protel-hotelsoftware.com

Overview:

Founded in 1995, Protel has been developing fully integrated applications for the leisure and lodging vertical focusing on the lower-end of the market. Typical customers range from small hotels to hotel chains with multiple properties in a single region.

Applications Revenues In Leisure and Lodging:

	2008	2009
\$(M)	16	17

2009 Applications Revenues In Leisure and Lodging By Region:

Region	2009(\$M)	% of total
Americas	3.4	20%
EMEA	10.2	60%
Asia Pacific	3.4	20%

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	0	0%
Large(1K-5K ees)	3.4	20%
SMB(1K ees and below)	13.6	80%

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
License	6	35.3%
Maintenance	11	64.7%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.8% share in the leisure and lodging vertical, Protel's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

Protel products include protel smart for small hotels with fewer than 60 rooms, Protel SPE for single property hotels that are larger in size, Protel MPE for multiple property hotels, Protel HQ for managing multiple hotels with controlled data exchange.

Protel also has modules for banquet, sales and catering, web booking engine, and interfaces to third party systems. Protel's applications are based on Windows platform.

Protel's applications, which have been translated into 16 languages, are primarily sold through its base of 23 distribution partners that target hotels in Europe, Africa and Asia.

Key Applications For Leisure and Lodging Vertical:

protel MPE - the Property Management System

SCORES Analysis

Strengths

Protel proves to be the little engine that could by working in the shadows of more established applications vendors that focus on the hotel industry.

Leveraging Web services to develop tightly integrated applications that cover every aspect of a hotel operation from Web reservation to sales and catering, Protel is fast becoming a viable alternative to expensive implementations by keeping its applications flexible and affordable for fast-growing hotel operators, especially those in tier-2 and tier 3 destinations.

For example, one of its latest offerings Bookatonce, its Web-based hotel management system, is available in three languages English, German and Spanish. The basic version is available free to hotels that can start booking guests in 20 minutes after accessing the application over the Web.

Over the past year Protel has continued on the innovation path by introducing Business Intelligence solution protel BI and the customer survey tool protel Survey.

protel BI allows hotel operators to analyze all interactions with guests including marketing data, revenues, payments by organizing and categorizing the data, applying measures and dimensions to express the relationships between data, and presents it to the user by a Web-based GUI.

Protel Survey is used to aggregate guest answers to surveys by saving the results in the respective guest profile to help boost customer satisfaction on future visits.

Such enhancements underscore the advances Protel has made to incorporate highly differentiated usability, scalability and easy accessibility into otherwise fairly conventional property management systems.

Customers

Protel has more than 5,000 installations in 50 countries. Recent wins included Berliner Gold Inn Group, Focus Hotels, Lemon Tree Hotels, Olisippo Hotels, ParkHotel Seaside Leipzig, Red Fox Hotels, Sactum Soho, Sir Richard Branson's Virgin Limited Edition, Trust International and Think Apartments.

Opportunities

Protel's biggest opportunities in the leisure and lodging vertical lie in secondary and tertiary tourist destinations that are undergoing rapid expansion because of increased availability of information on these once obscure spots and their improved accessibility.

With the use of the on-demand delivery model, Protel is capable of scaling up the utilization of its applications without requiring customers to invest in their own IT infrastructure, thus simplifying the sales and implementation processes especially when signing up hotels with a large number of remote properties.

Risks

In its race to become the on-demand champion of property management systems for mid-sized hotels, Protel's challenge is to optimize the scalability of its applications as well as its ability to support a diverse base of customers that span all over the world.

While its channel partners will shoulder some of those support responsibilities, Protel may need to ensure its knack of innovation does not come at the expense of providing a consistent user experience.

Since its customers have various degrees of technical capabilities, much more attention should be paid to keeping its features and underlying functionality as simple as possible, while leaving room for power users to exploit rich reporting and next-generation customer relationship management with the use of social media.

Ecosystem

Among the partners are First Information Systems in China, Horeca Technology Solutions in Belgium, 42 GmbH in Germany, Xn Hotel Systems in UK, and Serenissima Informática España S.L. in Spain.

A recent deal with its Swiss partner Rebagdata has allowed Protel's customers to start automating their spa operations. Rebagdata developed a time management application for spa and wellness facilities called emSpa, which has been widely used by popular establishments at Swiss Hotel Adula Flims, Serpiano and Badrutt's Palace St. Moritz.

Shares

With a 2.8% share in the leisure and lodging vertical, Protel's ability to gain share is above average because of the mainstreaming effects of the on-demand delivery model.

On the upside, the growth of Protel has been phenomenal resulting in the completion of more than 500 installations within the past year. With a well-oiled distribution system in place, Protel could experience strong growth in places such as India where it has an early mover advantage.

On the downside, the performance of its on-demand applications will face severe testing with rising numbers of languages and countries that Protel is targeting. In addition, it needs to articulate the distinct values of its regular offerings and that of its free basic version of Bookatonce, all of which have to be uniquely positioned to avoid any potential cannibalization.

IDEaS/SAS

Minneapolis, MN

www.ideas.com

Overview:

Founded in 1989, IDEaS, a subsidiary of analytics powerhouse SAS Institute, focuses on revenue optimization applications for leisure and lodging vertical. Typical customers range from global hotel brands to major casino operations.

Applications Revenues In Leisure and Lodging:

	2008	2009
\$(M)	14	15

2009 Applications Revenues In Leisure and Lodging By Region:

Region	2009(\$M)	% of total
Americas	7.5	50%
EMEA	4.5	30%
Asia Pacific	3	20%

2009 Applications Revenues In Leisure and Lodging By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	4.5	30%
Large(1K-5K ees)	6	40%
SMB(1K ees and below)	4.5	30%

2009 Applications Revenues In Leisure and Lodging By Revenue Type:

Type	2009(\$M)	% of total
License	5	33.3%
Maintenance	10	66.7%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.5% share in leisure and lodging vertical, IDeaS' ability to maintain and win share in the market segment in 2010	Above average

Full overview:

IDeaS applications are designed to help hospitality companies determine pricing trends for room rates, products and services, analyze market behavior and capture additional revenue opportunities, and establish accurate forecast for business demands.

IDeaS flagship product is IDeaS V5i, a revenue management solution that offers forecasting capabilities as well as additional modules for Best Available Rate (BAR) and Group Pricing.

In 2008 IDeaS was acquired by SAS, one of the world's largest business intelligence and analytics applications vendors.

Key Applications For Leisure and Lodging Vertical:

IDeaS V5i for revenue management

SCORES Analysis

Strengths

IDeaS represents a new breed of hospitality ISVs leveraging the software as a service delivery model to make it easy for its customers to adopt its applications, while extending the solutions to complementary products from an array of ISV partners. For example IDeaS offers direct interfaces with Softbrands PMS and Newmarket Delphi System for sales and catering automation.

Recently it has inked similar arrangements with Brilliant Software, CM Solucoes and Multi-Systems Inc. for completion of certified system integration between their property management applications and the revenue optimization product from IDeaS.

It also has direct integration into distribution systems such as Preferred Hotel Group and The Leading Hotels of the World.

Customers

With more than 500 hotel customers, IdeaS has gained increased acceptance at popular hotel, casino and spa facilities in many parts of the world. For example, Marina Bay Sands in Singapore recently selected IDeaS Integrated Revenue Management applications to help it maximize revenue potential out of its sprawling facilities including a hotel, convention and exhibition center, a casino, a museum, restaurants and theatres, and a Skypark entertainment complex. Other recent wins included Ace Hotels, Derby Hotels, Grand Hotels NYC, Grove Park Inn, HNA International Hotels and Resorts Management in China, Landmark London, Lenox Hotel, and Umstead Hotel and Spa.

Opportunities

IDeaS has continued enhancing its applications by launching its Rate Optimization Service, which provides hotels with quick, optimized room rates and rate spectrums. Relying on its analytics engine, the service allows hotels to take advantage of their rate spectrum by proposing optimized rates for business segments that are not contracted or negotiated at room type level and estimating upfront the overall revenue impact upon implementing the optimized rates. The new offering launched in 2009 underscores the extensibility of its analytics engine to cover hidden revenue opportunities for hotels.

Another growth area lies in its international expansion plan to zero in on countries such as China, Brazil and different parts of Europe where revenue optimization is still under-utilized.

Risks

Increasingly IdeaS is cross-selling the business intelligence applications of SAS into its hotel customers. The strategy entails both risks and rewards for IdeaS because some customers may have already implemented their own

customer relationship management and BI applications. While IdeaS will not ask its customers to rip and replace their existing systems, the issue is how much added functionality and benefit will its revenue optimization applications customers be getting if they are using CRM and BI systems from SAS competitors.

Another question has to do with whether the IdeaS applications will converge with those from SAS and the backward compatibility of such a converged product line and its impact on its installed base. For the time being, SAS is leaving IdeaS alone as a separate subsidiary by keeping the IdeaS applications separate and distinct, raising the issue whether its hotel customers should view revenue management and analytics from a holistic standpoint, which may be elusive at best even from IdeaS.

Ecosystem

Following its acquisition by SAS, IdeaS has continued to expand its ecosystem by working closely with property management applications such as Brilliant, CM Solucoes and Multi-Systems. That has been the modus operandi of IdeaS by coexisting with these partners, linking their front-office and back-office applications with IdeaS' revenue optimization engine in order to help their customers identify real profit potential.

At the same time, IdeaS is banking on its Academic Partner Program to help train next-generation hotel managers. Today 10 institutions including Cornell University have become a part of Academic Partner Program with Republic Polytechnic of Singapore as the latest member.

Shares

With a 2.5% share in the leisure and lodging vertical, IdeaS' ability to gain share is above average with the help of its parent company.

On the upside, much of its growth will be coming from hotels in fast-growing regions where revenue optimization is still a novelty and IdeaS is already perceived as the de facto standard given its first-mover advantage in the hospitality industry.

On the downside, its future may lie in how well it holds onto its perceived leadership position in revenue management at a time when competitors are ratcheting their claims of the benefits of combining revenue management and property management into an integrated solution.