

Tour Operator Technology: 5 'Quick Wins' for 2017

February 2017

Introduction



The tour operator sector is fast moving and constantly evolving. It is the 'survival of the fittest' in the marketplace and businesses need to remain agile in order to succeed in a challenging environment.

[Open Destinations](#), a leading supplier of technology solutions, works with tour operators across six continents and continues to witness a trend toward 'quick wins.' Companies are looking to drive more efficiency and profitability in the short term.

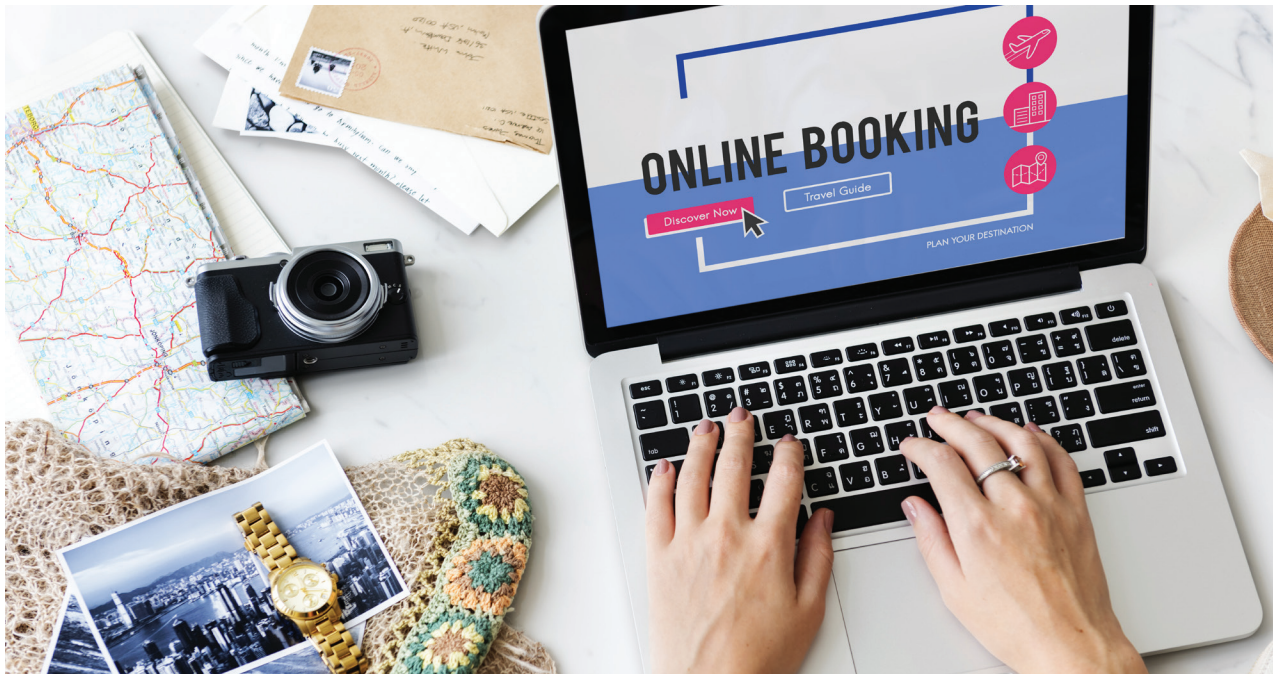
The rise of new business models such as Airbnb and the expansion of online tour operators (OTAs) like C-Trip is also changing the competitive landscape. There is even more pressure on tour operators to maintain price competitiveness. Destination Management Companies (DMCs) are also under pressure to grow product portfolios in order to service the major OTAs.

For this edition of PATA VE Bulletin, [Open Destinations](#) takes a closer look at the methods being undertaken by travel operators to improve business prospects and outlines the top five 'quick wins' currently evident among tour operators, wholesalers and DMCs.

Quick win #1:

🔗 Look for manual processes to automate

Automating existing processes is an easy way to increase productivity in the short term. Manual processes often take staff away from the more profitable areas of your business and they can easily be implemented through automation in your technology.



Quick win: moving your simple itineraries to online booking

Within a tour operating business there are many manual and repetitive tasks throughout the business, ranging from ticketing deadlines to customer check-in and supplier invoicing.

Open Destinations recommends taking a close look at the 'low hanging fruit' as a starting point. For example, the company recently created an automation for on-request hotel room allocations that involved long email exchanges between tour operator and hotel suppliers.

The new automation resulted in speedy email communication which secured the customer bookings in a much more timely manner.

In addition to current processes, Open Destinations also recommends looking at longer term goals and implementing them in stages. For example, some product may be too complex to book online. However, some of the simpler itineraries with lower margins could be moved to online booking functionality.

Quick win #2:

🔗 Connect to your suppliers via an interface

The right product at the right price

For tour operators, their product is the key to winning new business. They need to keep expanding their product range and deliver this content to customers as quickly as possible.

Integrating with third parties can have a dramatic impact on business in the short term. Many of Open Destinations' customers have started moving their less profitable products to third parties and this has reduced their administrative costs.

Suppliers are pushing for third party connections, particularly with hotels and channel managers. Many hotels demand that tour operators take their rates electronically through channel managers if they wish to continue to use them.

In order to prepare their technology for third party integrations, tour operators need to evaluate the capabilities of their application programming interface (API) which facilitates all of these connections to other systems. This API needs to be flexible and capable of handling all of the different features of third-party systems.



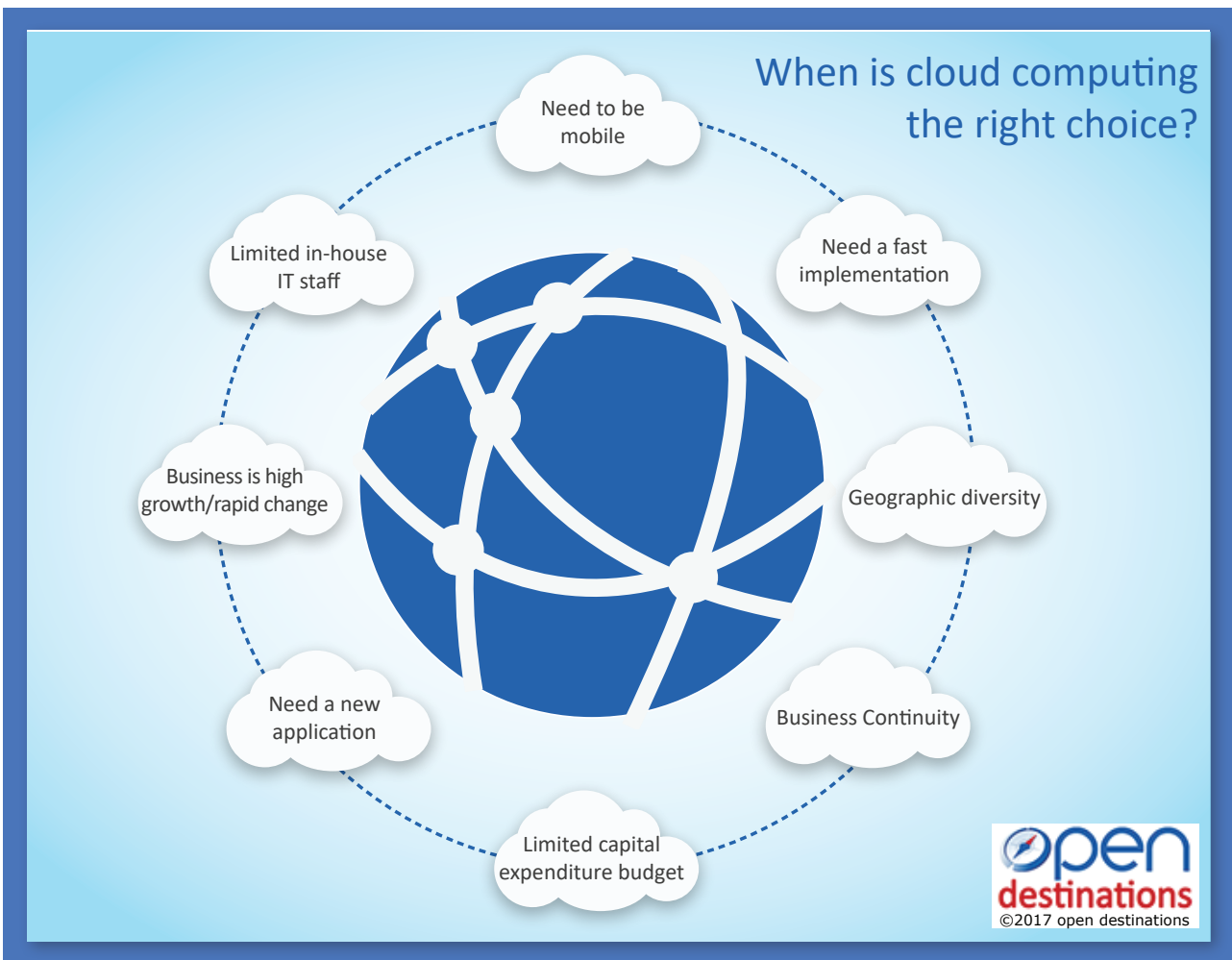
Quick win #3:

Host your business in the cloud

Hosting your software in the cloud is becoming easier to implement. A cloud solution can save on expensive overhead costs such as hardware and employment of multiple IT teams.

Many tour operator clients at Open Destinations are considering whether to run their applications in the cloud, as opposed to on-premise or in traditional hosting centres. They are looking for solutions that ensure that their technology is not only secure but also highly available, with the capability of handling large search volumes and complex bookings.

So what is the cloud? In simple terms, cloud computing means storing and accessing data and programmes over the internet instead of through the company server's hard drive.



What are the benefits of hosting in the cloud?

Mobility & collaboration



Workforces are becoming increasingly mobile. They are distributed across various regions and are less tied to a dedicated work station. Cloud computing provides universal access to applications and documents. The traditional obstacles to sharing documents and applications are removed by being able to work in the cloud.

Flexibility



Cloud computing may be considered as a virtually limitless set of resources: computer power, memory, storage and bandwidth. Hosting business applications in the cloud comes with the huge benefit of being able to dynamically react to changes in business demands. Tour operators have the ability to increase the resources that they use when they expect high demand (for example, during a sale or peak booking season). They may also decrease resources during known quiet times in their operations, such as evenings and weekends.

Business continuity



Without any physical hardware to support, traditional IT operations and disaster recovery is delivered seamlessly by the cloud computing provider.

Security



Storing data in the cloud removes the risks associated with storing business documents and data on a physical device.

Are you a tour operator considering whether to move your business to the cloud? Discover the pros and cons of cloud hosting. Click here to download [The Tour Operator's Guide to Hosting Technology](#).

Quick win #4:

Product management through supplier extranet

Every tour operating business struggles to keep up with the sheer volume of suppliers and products.

Tour operators often present their business via multiple brands in B2B and B2C environments. Their product needs to be customised for both channels.

There is also the challenge of staffing resources. As the volume of product grows, so too does the volume of administrative tasks - a drain on staffing resources.

One quick way for tour operators to achieve more efficiency in their product management is through a supplier extranet. This technology places all supplier communications in one central repository, including hotel rates/availability, invoices and images.

The extranet is then linked to the central reservations system, which means the tour operator receives instant updates of all communications with suppliers. This guarantees that sales agents, XML connections and websites have real-time access to pricing, allocations, special offers and hotel content.

This is an excellent example of how to apply technology toward diverting staffing resources. This means that tour operators can focus on what really matters: growing the business.



Quick win #5:

Business process outsourcing (BPO)

Not every quick win needs to involve software. A tour operating business will always have elements of manual process that require human intervention to ensure quality and efficiency.

One area where Open Destinations' customers have witnessed efficiency is with business process outsourcing (BPO). In this scenario, tour operators offload some of their product and finance processes to a third party which is, essentially, a remote office of their business. This remote office has a dedicated team that works with the product and finance departments to manage processes like hotel contract loading, updating special offers, managing supplier payments and invoice reconciliation, flight ticketing and auditing, and managing web content.

BPO may be implemented quickly and with short term results. The business saves on the overall costs associated with staffing and is able to monitor progress through KPI's and management reporting, which is agreed through a service level agreement (SLA). The product and finance divisions also have more time to dedicate toward more important tasks that relate to the profitability of the business.



Open Destinations has dedicated teams in its India office for processes such as hotel contract loading, updating special offers, managing, flight ticketing, web content, supplier payments and invoice reconciliation.

Is your business ready for BPO?

Profit margin

- Is your contract loading cost effective?
- Are you achieving high levels of accuracy?

Speed to market

- Are you optimising the special offers made available to you?
- Are you able to keep up with the volume of contract amendments and stop sales?

Financial and quality control

- Is your flight ticketing process resulting in a rise in compensation payments or ADM's?
- Do you encounter issues with reconciling supplier invoices and payments?
- Do you have control over the accuracy and relevance of your web content?

Are you considering outsourcing some of your business processes? [Download Open Destinations' case studies about hotel contract loading, fare auditing and finance processes.](#)

Quick wins & long-term planning

When planning technology projects with its clients, Open Destinations undertakes a long-term view with a 'phased approach.' This incorporates quick wins in the short term with longer-term targets over periods of one, two and five years.

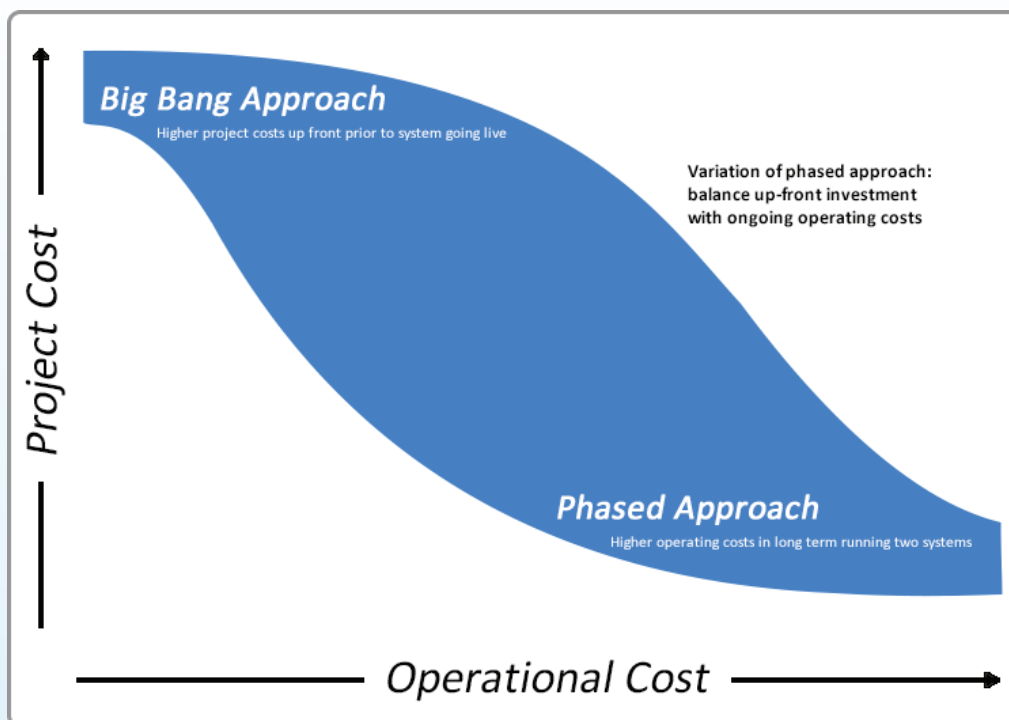
In order to accommodate quick wins, Open Destinations recommends using modular technology that has the flexibility to be implemented in stages.

The phased approach to technology planning

With this approach, the tour operator moves its business to a new system in phases. This means that there are two systems operating for a period of time, until all data has been transferred and the financial transactions are closed.

This approach means there can be a duplication of costs with hardware and staffing for a set period of time, which brings the risk of higher operating costs - particularly for a business with a high volume of transactions.

Many of Open Destinations' clients apply the principles of this approach and work with them to mitigate costs. Historically, this has brought less disruption to business operations because the subject matter experts within the business have had sufficient time to devote to each phase of the project.

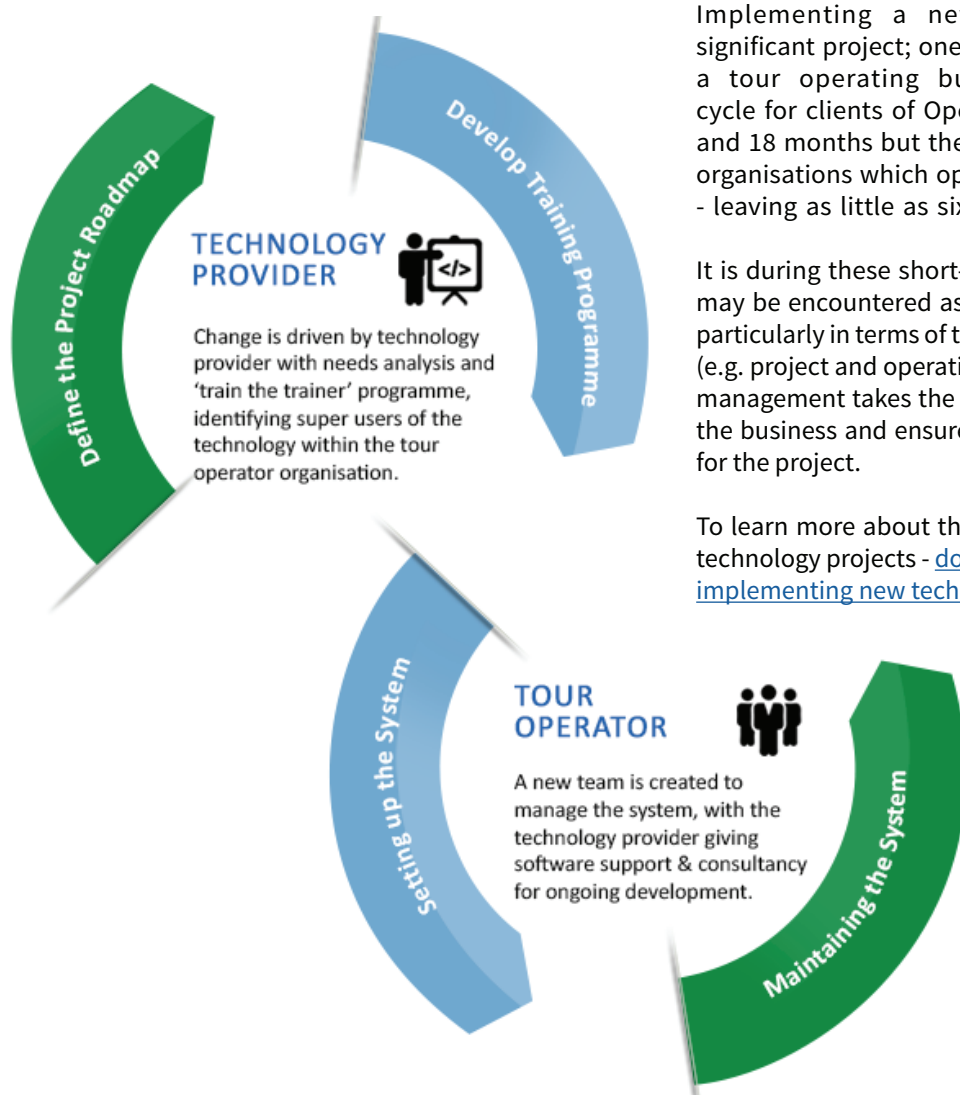


The Big Bang Approach

This approach generally involves higher project costs up front, because of the need for higher volumes of testing, staff training and data management.

The benefit of this approach is that the project is completed in a shorter period of time. The tour operator begins using the new system and the operating costs decrease in the long term.

TYPICAL PHASES OF A TRAVEL TECHNOLOGY PROJECT



The major success factors in any organisation or project are its people and its processes. Technology is merely the enabler.

Implementing a new reservations system is a significant project; one that involves all departments of a tour operating business. The average project cycle for clients of Open Destinations is between nine and 18 months but the company has also worked with organisations which operate on much shorter timelines - leaving as little as six months to complete a project.

It is during these short-term projects that critical issues may be encountered as a result of inadequate planning, particularly in terms of the required organisational change (e.g. project and operational staffing). It is imperative that management takes the time to gather insight throughout the business and ensure there is a clear vision and scope for the project.

To learn more about the Open Destinations approach to technology projects - [download the tour operator guide to implementing new technology](#).

Choosing a technology provider

How do you know what technology you will need in the next three, five or 10 years?

Every tour operating business is different. Needs will change in line with customer demands.

Your business is like no other which means that your technology needs to cater to the nuances of your customers, products and business operations. When you are sourcing new technology, it is important to think through these scenarios and ask these questions up front.

For example, do you have to deal with specific tax rules in the countries where you are selling? Are your customers doing a lot of searches on mobile?

Put together a list of the specifics and incorporate this into your planning. Look for technology experts in your field that may help you to evaluate your business needs.



Questions to ask your potential technology partner

- What areas does the partner specialise in? Are they focused specifically upon your sector?
- Do they have customers that are similar and therefore understand your business?
- Do their employees have experience that is specific to your business?
- What are their staffing capabilities? Do they have a big enough team to manage your project?
- What is the future of this provider? Do they invest in research & development?
- How long have they been in business?
- Are they financially stable?



About the Author



Kevin O'Sullivan is the CEO and Founder of [Open Destinations](#), a leading provider of travel technology solutions designed for tour operators, wholesalers and destination management companies (DMC's). Kevin has over 25 years of experience within the travel technology industry and is the architect of the tour operator solutions being offered today. Prior to founding Open Destinations, Kevin was the Managing Director of Tourplan, E-commerce consultant for First Call Tickets and Group IT Manager for Tourism International, a large multi-site/multi-sector tour operator and hotel group. Kevin started his career in travel as a writer with Rough Guides.

Open Destinations has been recognised in the [Sunday Times SME Export Track 100](#) in 2015 and 2016, which ranks the top 100 small and medium-sized companies (SME) in the UK with the fastest-growing overseas sales. Clients include Abercrombie & Kent, Abreu, Belmond, Diethelm Travel Group, ETStur, Explore Worldwide, Great Southern Rail, JacTravel, Miki Travel, Road Scholar, Rocky Mountaineer Vacations, Talisman Travel Design, The Travel Corporation, Topdeck Travel and TUI Sports.

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