

TCS Global Cloud Study for Hospitality

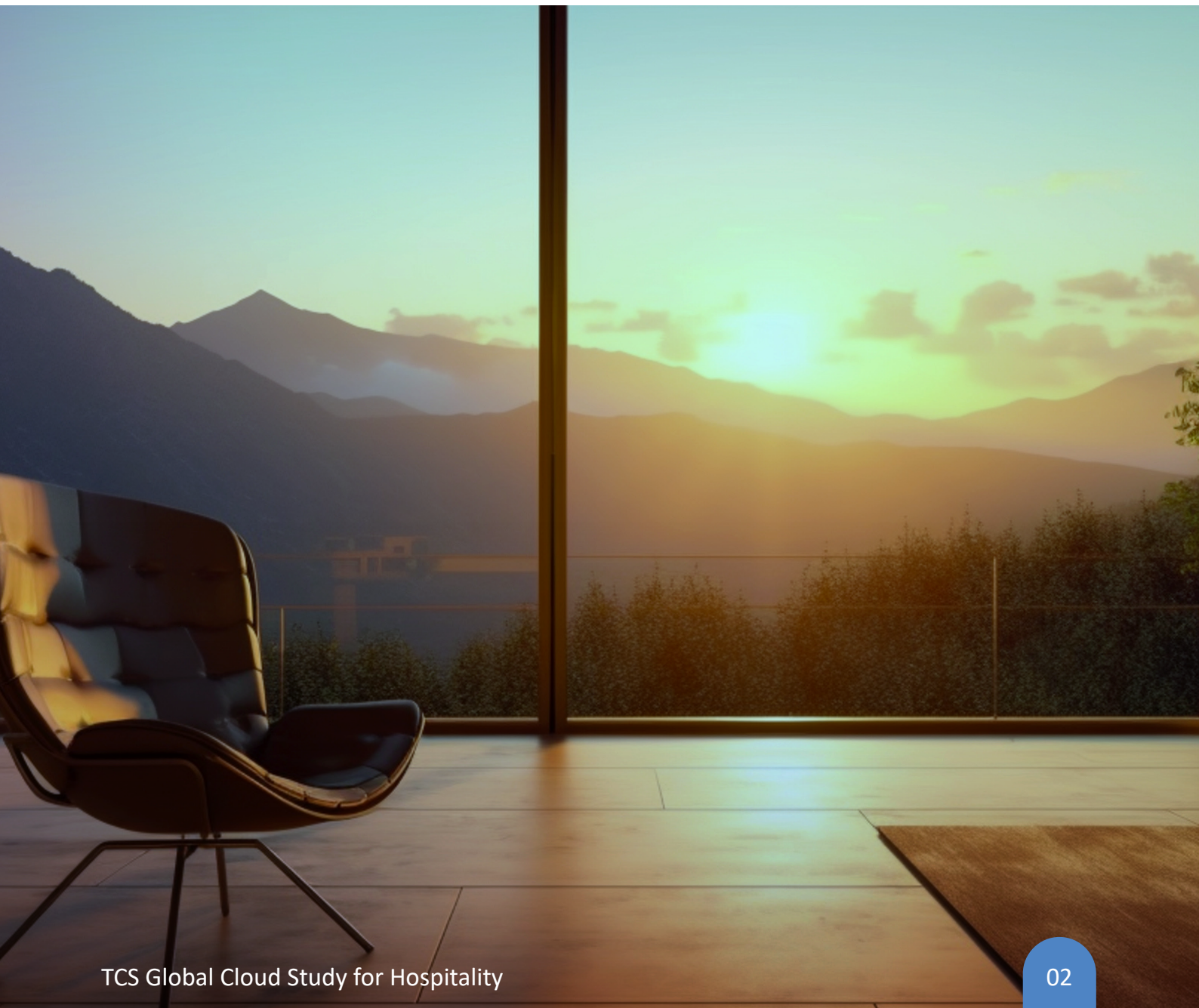


Introduction

Over the past few years, demands for exceptional experiences have soared within the hospitality accommodations industry. Guests expect seamless, hyper-personalized experiences and consistent interactions across multiple channels. On the inside, employees expect workplaces that engage and empower them for growth and development.

Rapid digitalization has brought forward novel ways of reimagining guest and employee experiences. As a key accelerator of digital transformation in the hospitality sector, the widespread adoption of cloud has created a strategic advantage for innovation.

The global cloud study from TCS reveals that overall, hospitality organizations have made strong strides toward cloud-enabled innovation. As the study findings reveal, these organizations are not only poised to achieve their goals but have substantial traction to overcome remaining obstacles.



A catalyst for innovation

The majority of hospitality industry respondents surveyed in the study – like their counterparts in other industries – can point to an established culture for innovation at their companies.



67%

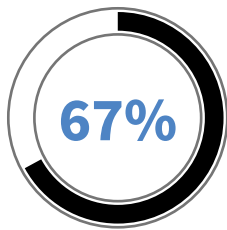


Of hospitality respondents say they have succeeded in embedding innovation across their organization, from leadership to board level to employees, with no issues or only minor ones

Percentage of respondents who say that they have established a culture of digital innovation, from leadership to board level to employees

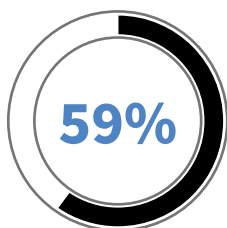
And when it comes to manifesting innovative ideas into concrete results, respondents recognize the impact cloud can have. Once viewed primarily as a one-dimensional IT infrastructure, cloud has become a strategy for business transformation and growth. It provides the unifying digital foundation for a connected future – one that continues to unfold with each technological advancement, including the recent momentum around generative AI.

Survey respondents within the hospitality sector not only acknowledge cloud’s role in innovation strategies, but indicate a greater level of confidence in its potential compared to total respondents across all industries.



Of the hospitality businesses we surveyed say they have faith in cloud’s potential as a catalyst for innovation

compared to

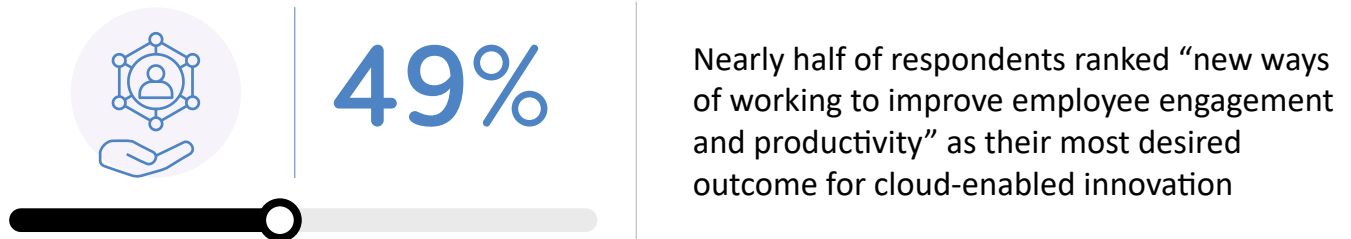


Of total respondents

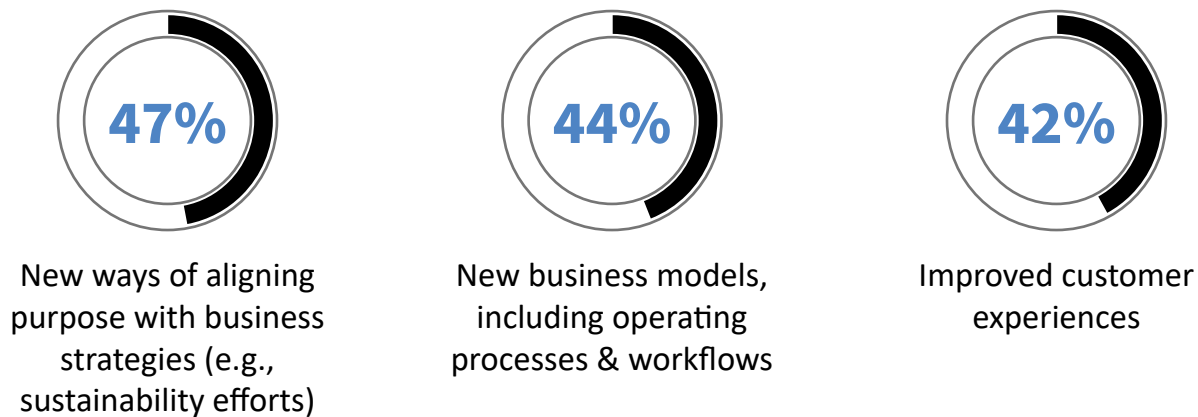


Top aspirations for cloud innovation

Where do hospitality organizations want to accelerate innovation through cloud? In an industry with notoriously high turnover, it's no surprise that nearly half say they're looking to cloud to better connect and engage employees.



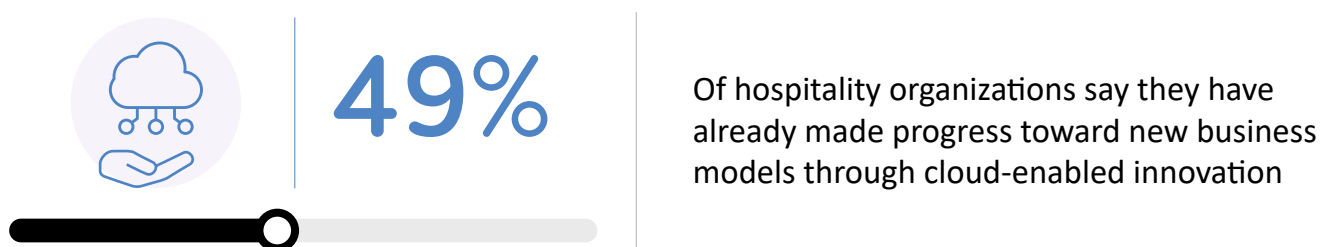
The wish list extends beyond employee and customer experiences. Respondents also desire new ways of aligning purpose with business strategies (e.g., sustainability efforts) and new business models.



Q. “Pick the top 3 most desired outcomes for cloud-enabled innovation at your enterprise.”

Like improved customer and employee experiences, reinventing business models is a necessity in a world where staying ahead of the competition and consistently delighting customers with new approaches is imperative.

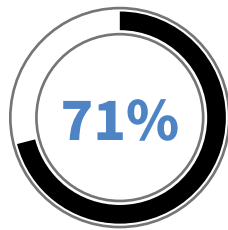
Thus far, hospitality's faith in cloud as a catalyst for innovation appears justified. While 44% say creating new business models is a top desired outcome of cloud innovation, an even higher number – 49% – say they have already made progress toward it.



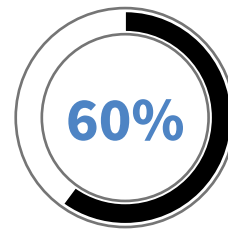
A newer area of priority for hospitality organizations revolves around creating, maintaining and measuring sustainability initiatives. As a whole, the hospitality sector is taking important steps toward eco-friendly practices that create less impact on local communities and contribute to the collective goal of better futures.

These range from larger-scale changes like the installation of EV charging stations on site and ecotourism packages to smaller changes like towel reuse initiatives and local farm-to-table programs for food consumption. In addition, a number of frameworks and certifications are springing up around the world, such as the Global Sustainable Tourism Council (GSTC), Earth Check and Green Key.

Cloud is increasingly emerging as a pivotal component in the hospitality industry's strategies for sustainability. The study findings confirm the commitment: Nearly three-fourths of respondents (71%) say that cloud plays an important role in achieving their sustainability goals.



Of respondents say cloud technologies have helped their organizations achieve sustainability goals



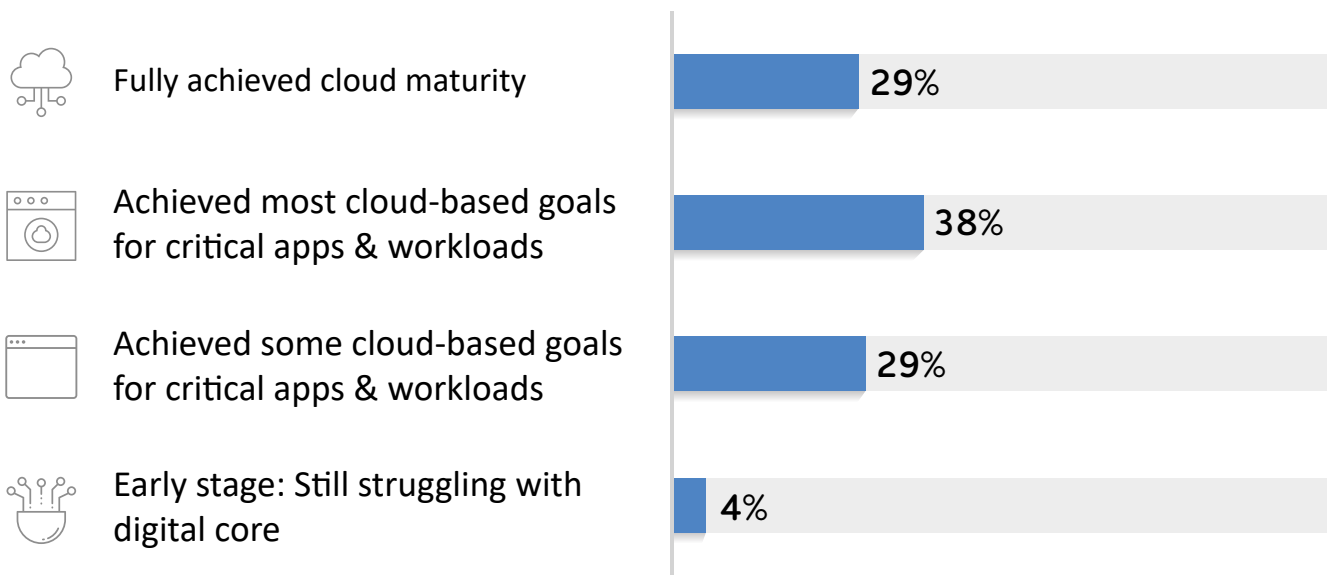
Say they are using cloud to track air and water quality management.

Current cloud maturity and progress

To continue making progress, hospitality organizations need to renew their commitment to cloud as a business growth enabler.

The vast majority have invested in the foundation of a strong digital core, with cloud as the unifying digital fabric. With initial modernization efforts underway, hospitality organizations can begin unlocking innovation with business processes and models for greater insights and customer experiences. Eventually, they begin maturing into a cloud-native environment and participating in transformative partner ecosystems that truly maximize the perpetual value of cloud.

Despite the accelerated pace of investment and adoption throughout the past few years, less than a third (29%) of hospitality respondents say they are fully cloud mature (vs 27% of total industries), though an additional 38% say they are well on the way.



Q. How would you describe your company's cloud maturity as it relates to your critical apps and workloads?

It's a multicloud/hybrid world. Hospitality respondents surveyed indicated a greater percentage of those utilizing large third-party public cloud service providers (such as Microsoft Azure, Amazon Web Services and Google Cloud) than the aggregate.

Cloud deployment model	Hospitality respondents	Total respondents
Hybrid cloud (a mix of public and private)	69%	72%
Public cloud only	31%	26%
Private cloud only	0%	2%

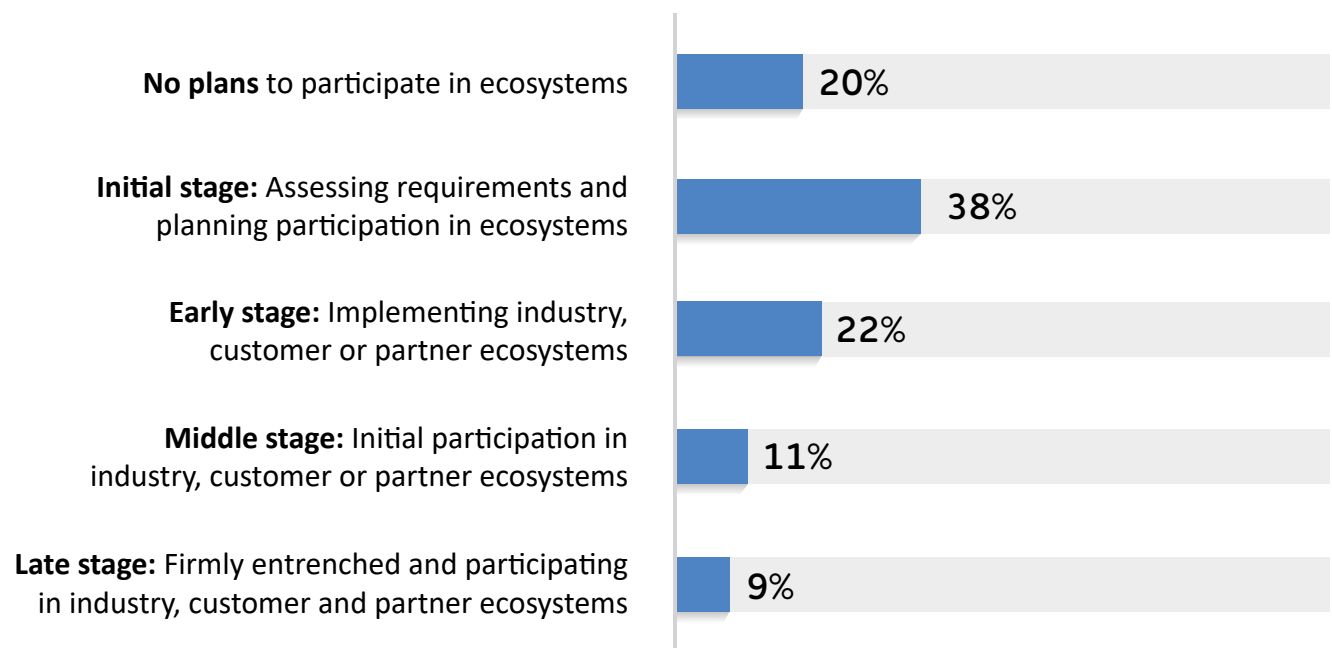
Q. What best describes your cloud deployment model? Choose the one that most closely resembles your current scenario.

Slower growth for ecosystem participation

Digital ecosystems appear to be a logical path forward for the hospitality industry. Engaging with interconnected and collaborative networks across and beyond their own enterprises holds the potential for expanded market reach and efficiencies. By providing a scalable, globally accessible infrastructure that is cost efficient and secure, cloud can enable enterprises to seamlessly measure, collaborate and innovate by leveraging ecosystems. But like other industries, the hospitality industry lags in ecosystem participation.

The study findings reveal that hospitality is largely in the initial stages of the full ecosystem participation indicative of later-stage cloud maturity.

Percentage of respondents at each stage of digital ecosystems maturity

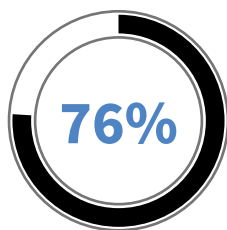


Q. Please rank your digital ecosystem maturity level. In this survey, a digital ecosystem is defined as a complex network of stakeholders that connect online and interacts digitally in ways that create value for all.

Fueling the next wave of data-intensive technologies

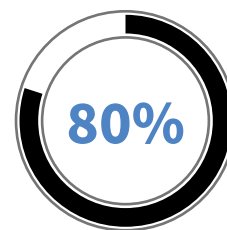
When it comes to investments, cloud has accelerated the adoption of AI/ML and data-intensive technologies that harness large amounts of data, and hospitality respondents are eager to capitalize on them.

This is especially true when it comes to AI. Modern AI technologies offer an unprecedented opportunity for the hospitality industry to improve the guest experience through more meaningful interactions, and to reshape the business landscape across the end-to-end value chains.



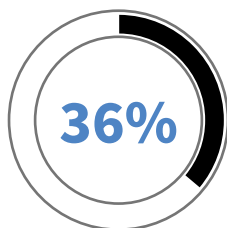
Of hospitality respondents say they increased investments in Artificial Intelligence/Machine Learning in the past 1 – 2 years

and



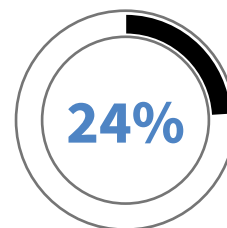
Say they plan to invest in AI/ML in the next 1 – 2 years

Augmented reality/virtual reality technologies are another area where hospitality respondents are prioritizing investments. In fact, hospitality leads all industries in planned investments for this area.



Say they plan to invest in augmented/virtual reality technologies in the next 1-2 years

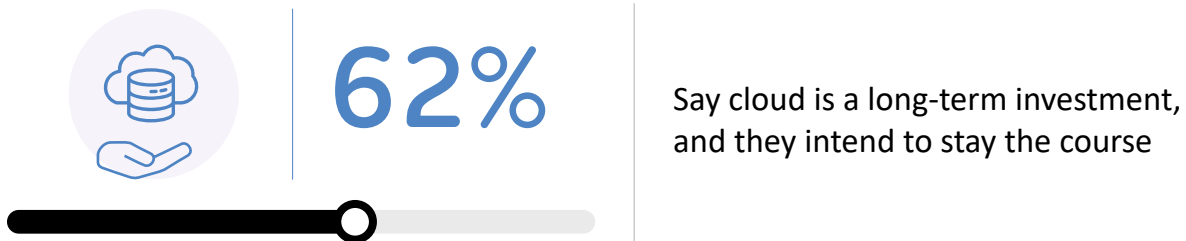
compared to



Of total respondents

Navigating obstacles to innovation

The majority of hospitality respondents surveyed show a strong commitment to an innovation-led transformation rooted in cloud. Nearly two-thirds of respondents say they take the long view of cloud investments.

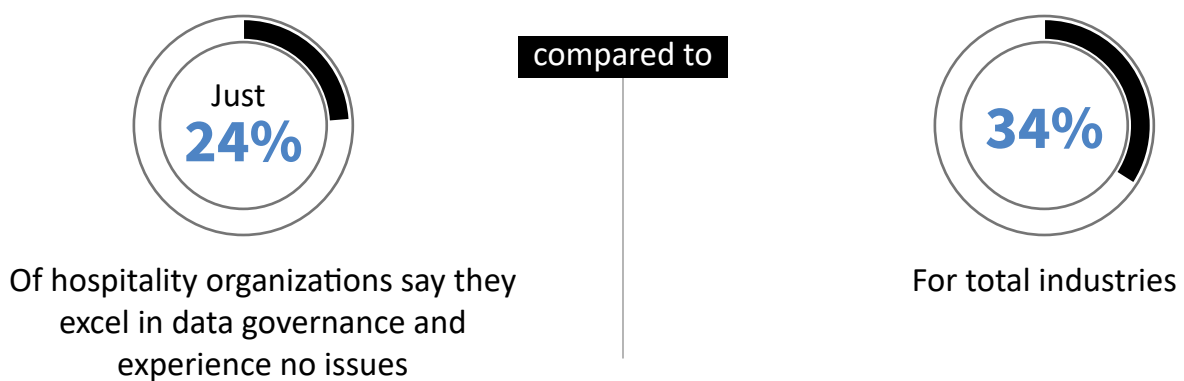


Percentage of respondents selecting “agree” or “significantly agree” that “our leadership recognizes that cloud is a long-term investment and intends to stay the course”

However, the path is not without challenges. Respondents indicate data governance and difficulties around complex, fragmented operations are areas of particular concern.

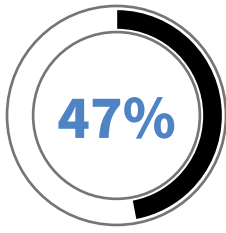
Data governance

Organizations must have robust mechanisms in place to share, discover, and access data. That requires a strong commitment to data governance as part of an overall strategy to secure more value from data, particularly as organizations accelerate the adoption of emergent AI technologies.



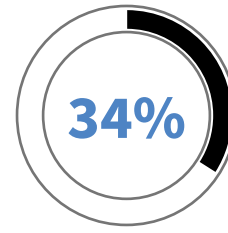
Complexity and lack of flexibility

In addition to data governance concerns, hospitality respondents also indicated challenges around complexity and lack of flexibility. Nearly half (47%) of hospitality respondents cited “Accumulated complexity and rigidity of business processes and operations” as a top obstacle to cloud innovation, the highest of all industries.



Of hospitality respondents reported “Accumulated complexity and rigidity of business processes and operations” as a top obstacle

VS



Of total respondents

Deep-rooted legacy systems may be part of the challenge. Many hospitality organizations have retained legacy systems that support their core business processes, applications and data. In addition to being inflexible and cost-intensive, these legacy systems hamper the ability to innovate and meet new business requirements. More than half of hospitality respondents (51%) reported difficulty integrating legacy ERP apps with modern apps.

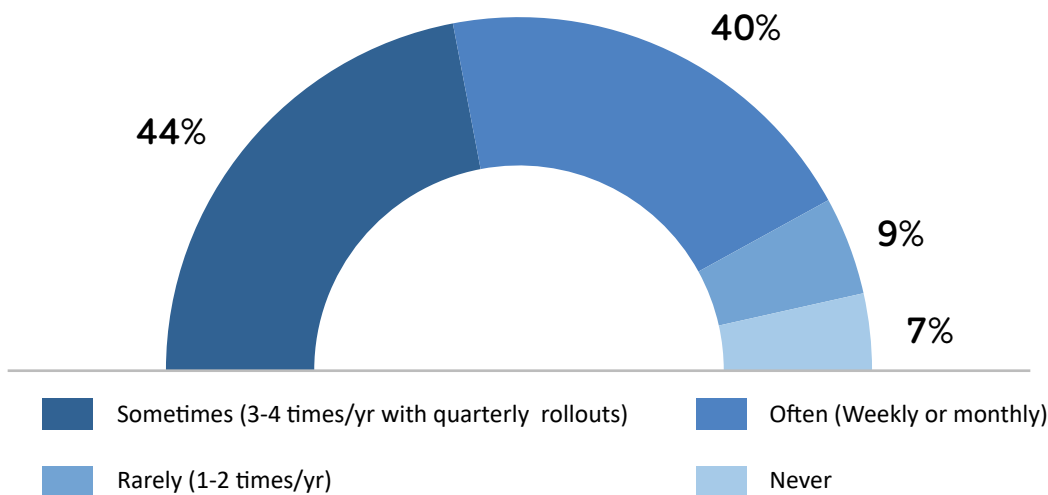


51%

Of hospitality respondents reported difficulty integrating legacy ERP apps with modern apps



Further, these same ERP systems require frequent customizations. Because of new functionality or requirements, 44% of all hospitality respondents reported the need to customize their ERP systems quarterly; 40% must do so monthly or even weekly.



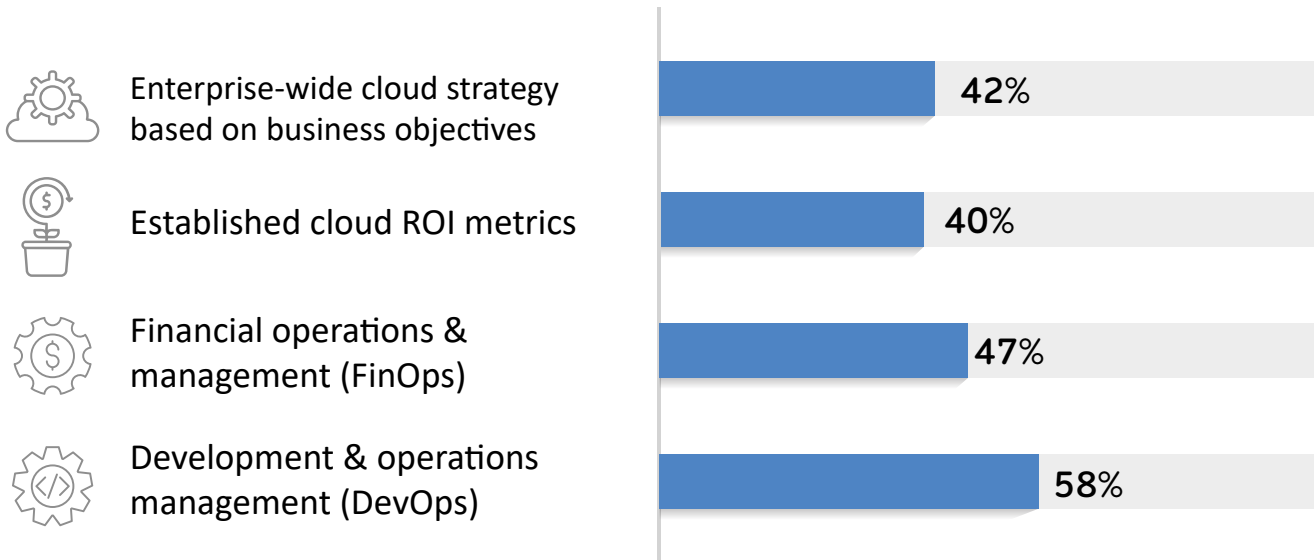
Q. How often do you need to customize your ERP system to accommodate new functionality or business requirements?

It comes as no surprise that more than half 51% of hospitality organizations reported plans to increase investments in cloud-native ERP in the next 1-2 years.

Cloud expertise

Respondents also report struggling to find or develop critical cloud skills sets and capabilities. Many hospitality organizations lack full proficiency in areas such as DevOps and cloud metrics.

Proportion of respondents who say they lack full proficiency in the following areas



Unlocking the full potential of cloud-enabled innovation

The hospitality environment has shifted rapidly in the past several years, and will continue to do so for the foreseeable future. Our research suggests that many hospitality organizations are making progress toward cloud-enabled innovation, including driving new business models, and enabling sustainability.

To continue moving forward, hospitality organizations must prioritize:



Achieving and maintaining critical skills. Identify and overcome shortfalls in capabilities that could impact growth and transformation. Multi-cloud approaches will likely enhance the need for broader skills requirements. In addition, gaps in data governance could prove serious impediments to newer AI technologies.



Investing in cloud-embedded technologies. Cloud technology can fuel the next level of AI and augmented reality technology adoption for business innovation.



Evolving cloud-enabled sustainability. Look for new ways to assess the maturity of green IT ecosystems across cloud and on-premises infrastructures. Improve efficiencies for offering sustainable products and services across the value chain.

Read the [full global report](#) to learn how organizations are moving toward cloud-enabled innovation.

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About the study

Tata Consultancy Services (TCS) conducted a global cloud study from 6 January to 14 February 2023 on the theme of cloud-enabled innovation. TCS surveyed 972 C-suite and IT senior executives and decision makers from companies with +\$1 billion in annual revenue, across UK & Ireland, Continental Europe, North America, and APAC (India, Japan, Australia, NZ). The C-suite and IT senior executives and decision makers included 45 respondents in the hospitality sector.

About the Thought Leadership Institute

Since 2009, the TCS Thought Leadership Institute has initiated conversations by and for executives to advance the purpose-driven enterprise. Through primary research, we deliver forward-looking and practical insights around key business issues to help organizations achieve long-term, sustainable growth. For more information, visit tcs.com/insights/globalstudies

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If you would like to have more information on the TCS Global Cloud Study, please visit on tcs.com/2023-global-cloud-study

For more information or any feedback, email the TCS Thought Leadership Institute at TL.Institute@tcs.com

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Tata Consultancy Services is an IT services, consulting and business solutions organization that has been partnering with many of the world's largest businesses in their transformation journeys for over 56 years. Its consulting-led, cognitive powered, portfolio of business, technology and engineering services and solutions is delivered through its unique Location Independent Agile™ delivery model, recognized as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 601,000 of the world's best-trained consultants in 55 countries. The company generated consolidated revenues of US \$29 billion in the fiscal year ended March 31, 2024, and is listed on the BSE and the NSE in India. TCS' proactive stance on climate change and award winning work with communities across the world have earned it a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, visit www.tcs.com