Outrigger case study narrative essay

Business

The ' Outrigger Hotels and Resorts' was founded in 1967 with an idea of making the middleman's dream to paradise a reality. By 2004, this firm had grown to 3600 employees, a wide portfolio of properties in various international locations, and revenues of approximately US 45 million dollars. Some of its key assets which the firm leveraged on were: Premier locations in the markets, strong name and recognition, relationship with the travel distribution network, focus on vacation destinations, local knowledge and community ties and good employee relations. IT had provided Outrigger a very big edge over its competitors.

The highly developed nature of its IT department, their understanding of the business needs and the market made Outrigger ahead of the game with its competitors. The centralized ERP system, integrated PMS/CRS, electronic interfaces with distribution partners, data mining and business intelligence support was serving them well. With its aggressively growing size, a key challenge Outrigger was facing was to keep its IT centralized. They had employed several options but were still looking for a resolution to this issue. The hospitality distribution network was also changing and Outrigger had to gear up to the challenge it was posing in terms of more and more information being available on the internet. People were now going to the internet for information about their travel instead of the travel consultants.

Outrigger's IS hand had to set up a vision and strategy to make use of the changing environment and convert it into an advantage. I. Contents Current Situation of the Outrigger Business2 Strengths2 Weaknesses3 Opportunities3 Threats and Challenges3 IT SWOT3 IT Strengths3 IT weaknesses3 It Threats4 Critical Success Factors4Current Situation of the Outrigger Business

Strengths Niche/strategic positioning of brand – leisure travel segment Community ties Hospitality Wide portfolio to suit pockets of budget as well as luxury traveler Wide geographical presence to cache on the customer's experience in one location Business and IT understand each other and want to move hand in hand Location of Hawaii Customer loyalty to the brand (25% return) Centralized structure Weaknesses Dealing with property owners for management of condos Decentralization with expansion to international locations Opportunities Customer trend to island hopCross property traffic Threats and Challenges Bigger brands in the Hawaii market Wedded to success of its destination markets Airlines which serve these markets Critical Success Factors In my opinion, the following are the critical success factors for Outrigger Enhance presence on the internet The hospitality distribution environment today is largely dependent on the internet. The customer wants to shop around before deciding to pay for any product. With the availability of wifi in home, at roads and in Macdonald's joints, the customer wants to ensure he has seen all his options before aking a decision. The changing economy of the world has also impacted the way people spend their money.

A honeymoon couple might want a vacation at Hawaii but wants to ensure they get the best for their money. They prefer seeing the information first hand rather than visiting a travel agent. There is a new generation of leisure travelers, who want to travel on a budget, but also want to experience the most a place has to offer. So they might want to stay on a Beach resort the first day for experience and move to a cheaper accommodation the next day. Such flexibility and wanting a holiday exactly suited to your needs make internet a preference over travel agents for booking.

With this changing environment, Outrigger needs to enhance its presence on the internet. The presence can be build by tying up their wide portfolio of options with travel websites like expedia. com and hotels. com which people use to plan their itinerary. They can have aTwitterpage or a blog which regularly tweets out its specials or testimonials from its clients. With the internet becoming the center where the world converges, Outrigger must be a part. Improving trademark hospitality and customer service to maintain its strategic positioning For the non tech savvy customer and otherwise, Outrigger must maintain its characteristic hospitality, its community ties, and its special touch while building on customer service. Since Outrigger has customers ranging from a huge income range, there are people looking for just the holistic Hawaii experience irrespective of the amount they need to pay. Outrigger must ensure they cater to the needs of its wide customer base and keep doing what they do best. Bring its international brands togetherThe centralized nature of its operations was the key to the success of Outrigger when it was small.

With the increasing size, and wide geographical presence, Outrigger must accept the challenges that distance poses. Telecommunications is not cheap and international networks cannot be relied on. Outrigger must build a strategy to decentralize its operations in a way that is more productive in terms of bringing information about reservations in different international locations together and at the same time ensuring cost effectiveness. IT SWOT IT StrengthsIT moves hand in hand with business. First CIO hired as early as 1986. JD Edwards ERP was cornerstone of its back office years before the ERP craze swept the business world.

Chat facilities Relationship with the distribution channel – XML. Availability of wholesaler data : edge over competitors Understand the business needs and evaluate how IT infrastructure should be developed. Ex – PMS for condominiums Lower labour costs due to electronic reports Culture in the organization – no one wants to be the one spoiling reports Size of Outrigger enables them to implement things easilyIT weaknesses POS not centralized because of old infrastructure. Must be upgraded Growing size and no integrated solution for its international properties Implement solution and then abort it due to failures Limited training. Only on the job training. High dependency on existing employees It Threats Unreliability of international networks High telecommunications cost to and from Hawaii Lack of interest of wholesalers in electronic handling.

Still received half a million faxes the year round Availability of technology choices to guests at home and on the road. Outrigger as facing pressure to provide them the choice in the resorts IT has provided Outrigger a very big competitive advantage. Outrigger hired a CIO in 1986 when other organizations were still struggling with what the role a CIO could play in its operations. The IT in Outrigger understands its importance in building a competitive advantage and has played a huge role in Outrigger's success till date. The implementation of the Stellex, JD Edwards ERP system and the E.

piphany BI software were all ilestones in the history of Outrigger because they helped centralize its operations and provided immensely critical information about customer history which helped the business channelize its efforts in a particular direction. Alan White, VP, Property Technology, in one of his statements says that they knew which airline magazine they had to hit

to target customers. This and similar valuable information was something the competitors lacked. The XML interface built to get real time information from the wholesalers in an excellent example to show the proactive nature of IT in the organization. IT helped Outrigger get some valuable information as well as saved cost of otherwise manually done work.

The culture in the organization also aided towards IT being an enabler. ' Postal and country codes are mandatory fields. Our employees' long tenure helps and peer pressure is a great asset – nobody wants to be the one that ruins the value of these reports for all. ' Alan White There were some issues the IT was posed with due to Outrigger's increasing size and geographical location and changing environment. One of the issues was the lack of a centralized reservation system for all the international hotels.

The international hotels were dealt with as individual resorts and this reservation information was vital if a reservationist wanted to cache in the opportunity of a customer travelling to another destination where Outrigger existed. The organization was heavily reliant on Stellex, their main reservation management system and had to look at either upgrading Stellex or employing another system which like Stellex could interface with its other applications as well. Because the employees had remained with the organization for long, they had huge experience with Stellex. The IT department had not focused on formal training and thus any changes to Stellex would be faced with resistance from the employees. Although the XML interface had served them incredibly, the IT had to look at increasing their presence on the web as that's where a large population of their

customers was turning to for bookings and information. Overall the IST resources had done extremely well for Outrigger.

They had always been ahead of their competition because of their IT enabled features and this had been their edge. However, with the changing environment and growing size, the IST had fallen behind. The IT management needs to re evaluate their vision and strategy and pave a way for future. IS Vision We exist to enable the Outrigger business to meet their changing business needs and provide them an advantage in a way that they will continue to remain in the niche they have made for themselves in the market as well as in the minds of their customers. The IS resources are needed to provide Outrigger the advantage they had provided them since their inception. They need to change themselves to realign to the changing business needs and do this in good time before the competitors realize their chance.

IS Guidelines Provide infrastructure that enables all hotels under the Outrigger banner equal opportunity to attract customers Provide support and maintenance Provide reports from all systemsProvide centralized infrastructure where deemed suitable Reduce cost and increase efficiency Firm's guidelines IS will ensure reservation system runs 24*7 Ensure bookings can be made through the major distribution channels at all times Ensure customer service based on IS resources up to standard with the Outrigger's brand Provide forecasts of customer downtimes in form of reports Strategic Initiatives Deal with Expedia/trip advisor Deal with airlines Book with tours around Hawaii