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As Hotel PBX Systems Age

...look to the Cloud!

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O nce a revenue generator, in-room phones now represent an unwanted expense for hoteliers and are largely ignored by tech-savvy guests. Cloud PBX systems could offer some relief.

In 1998, the first cellular telephone plans offering nationwide coverage without roaming charges landed on the market. The regulatory, commercial and technological evolutions that led to this development are the subject of a different article; this one is about the impacts on today's hotel telephony services.

Nationwide no-roaming plans initiated an immediate and persistent decline in hotel telephone revenue and the related calling card market. Before the advent of no-roaming plans, hoteliers were free to gouge guests as much as they wanted to for the

privilege of calling the office voicemail system. And hoteliers did so.

Guests responded predictably by cutting back on hotel telephone usage, and hotel companies reacted by increasing the surcharges over "AT&T operator-assisted rates." Pretty quickly the role of the call accounting system as a cash machine evaporated, and it's only and lonely role was to catch employee abuse of telephone services.

Other marketplace and technology innovations served to further accelerate the decline in hotel telephone revenue: email proliferation, chat, various forms of internet telephony, conference bridge services, bundling, etc. This led owners to stop investing in telephone systems because they were no longer relevant to either guests or revenue, serving only as expensive intercoms to order roomservice or have the car brought around.

The most logical step from a business perspective could've been to eliminate in-room phones, but life safety and code provisions require hotels to have functioning telephone systems, a scenario that isn't likely to change soon.

Now we are in a scenario where many hotel PBXs haven't been replaced or upgraded in 15 years or more, and these systems are starting to fail. Typically, the owner wants the lowest-cost replacement at the latest-possible date, but you can't predict when an 18-year-old, out-of-stock circuit board will melt down. So the risk of having a hotel without a

telephone system for some period of time becomes real. And when it happens, it launches a fire drill to replace it, which is pretty painful for the hotel and the vendor.

Enter the hosted PBX in the cloud. In recent years, hosted PBX platforms with hospitality-specific feature sets have come into the market. After some growing pains, these offerings have become a realistic option for the majority of hotels. In addition to being relatively low-cost to acquire, these systems can go in fast and usually reuse the existing guestroom telephones.

Hosted PBX is usually offered on a primarily operating-expense model, different from the primarily capital-expense model that premise-based equipment calls for. With hosted PBX you are buying a service, not hardware, so it becomes OpEx. And most owners like that conversation.

A few innovators are closing the loop on the path to hosted PBX by bringing SIP trunking to replace the traditional T1 circuits or analog trunks, before the old PBX fails. SIP stands for Session Initiation Protocol and in this context means establishing a "session" as a form of "virtual trunk" to make or receive a call on a hotel's internet service.

This technology enables the re-routing of incoming calls to mobile phones or other locations in the event of a PBX failure, eliminates the cost of T1 or analog trunks and further accelerates the migration to hosted PBX. After the hosted PBX is configured, the SIP trunks are pointed back to the extensions in the hotel and life goes on.

Today's hotel owner does have a path out of the PBX jungle and minimizing dead-weight CapEx spend. But it does call for some planning and preparation to prevent the fire drill and mitigate the pain. ∎