Making Cloud Computing A Reality for Private Clubs

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IN 22 MONTHS, NOT MUCH HAS CHANGED!

Nearly two years ago my article *"Cloud Computing: Has Its Time Come?" (The Boardroom – September/October 2009)*, discussed the various types of cloud computing, which types were likely to find their way into the club market, and the viability of cloud computing for private club operations.

It concluded with a prediction: Once the Internet reliability issue is resolved, the adoption of *cloud-based* solutions will rapidly accelerate, and clubs will embrace the *cloud* for most or all of their software applications.

So not much has changed. Only one of the "major players" providing club management software has a *cloud* offering, and so far that has just been for a half dozen clubs they own and operate themselves. Others are dabbling and promising, but nothing tangible yet. Why?

The Internet, and its inherent reliability problems, still stand as a major roadblock to *cloud* viability for mission-critical club management operations such as F&B POS, retail POS and hotel front desk operations.

Mission-critical means that any significant interruption of operations in these functions would represent a serious blow to member service and satisfaction. Clubs with anything less than near-perfect Internet uptime are likely to shy away from an online-hosted solution for these member-centric activities.

But this is 2011. Surely there must be a way to get past this roadblock in order to take advantage of the many benefits offered by the *cloud*. Right?

To answer that question, I turned to the restaurant industry to inquire as to how their systems providers are addressing mission-critical applications – specifically POS – in a hosted environment. Here's what I learned from executives with three of the top POS providers in the United States: MICROS Systems, Radiant Systems and Agilysys.

MICROS SYSTEMS (SIMPHONY)

With more than 330,000 POS customers worldwide, MICROS is the No. 1 provider of POS systems in the hospitality market. Several years ago they introduced a *cloud-based* POS solution named Simphony. "Designed from the ground-up for the *cloud*", Simphony has been a big hit with multi-location restaurants and hotels looking to reduce the computer equipment footprint at their physical locations by adopting a hosted solution for POS.

RADIANT SYSTEMS (ALOHA)

About 70,000 restaurant customers worldwide make Radiant's Aloha solution a market leader in POS. More than 10 years ago Aloha began migrating "non-critical" portions of their POS solutions to the *cloud*, and today about 50 percent of their entire POS solution is hosted. This goes for almost all of their customer base – as the *cloud* hosts a growing portion of the overall Aloha POS offering.

AGILYSYS (INFOGENESIS)

With more than 8,000 businesses (some with hundreds or thousands of POS locations) in the hospitality industry using InfoGenesis POS, Agilysys ranks high on the list of major

POS players. More than a decade ago InfoGenesis introduced a hosted POS solution that in many respects paved the way for *cloud-based* POS in hospitality. Today several thousand customers depend upon the hosted InfoGenesis solution for their POS operations.

IF RESTAURANTS CAN DO IT, WHY CAN'T CLUBS?

Obvious question. Not so obvious answer. The key here is to understand exactly what these POS suppliers are doing to overcome the Internet dependability hurdle, and thus satisfy the demands of a mission-critical operations environment.

Although each of the three companies approaches this challenge a little differently, they all end up at the same place with a concept called software "resiliency."

In short, *resiliency is the ability for the POS applications and database to operate without Internet availability.* This means that the critical portions of the POS program and database are not just hosted offsite, but are also maintained onsite - on a local server or on the POS terminals themselves.

If the Internet connection is lost, the system automatically shifts into a different operations mode that utilizes the locally-stored programs and data to continue operations. When the Internet connection is restored, the local system synchronizes with the *cloud-based* host and resumes normal operations.

Resiliency is the cornerstone that makes *cloud-based* POS viable for these (and many other) systems providers. Executives from all three companies agreed that the core POS functionality must reside locally to offer a viable mission-critical solution when Internet connectivity is lost.

WHAT ELSE ARE THE 'BIG GUYS' DOING?

The executives listed the following "requirements" for a viable *cloud-based* POS solution:
1. Software resiliency
2. Internet service redundancy with automatic fail-over and,
3. Multiple locations.

As far as I've been able to determine, no POS solution from a club management software provider is designed with software resiliency. These solutions are simply hosted externally and are made available – in their entirety – via the Internet. Such an arrangement would not be acceptable to MICROS, Radiant or Agilysys for their mission-critical applications.

To help address the lack of resiliency with club management solutions, internet service redundancy, which mandates two (2) separate sources of high-speed Internet service, can be deployed.

These sources must be from different Internet service providers, because when one local circuit is lost, it is likely that all local circuits from the same provider will also fail. In addition, an automatic fail-over system is needed, which senses when the primary connection is lost and seamlessly switches to the backup connection.

Although redundancy and fail-over provide a measure of protection from Internet outages, they are a far cry from software resiliency. None of the three POS providers would accept redundancy and fail-over over resiliency for any mission-critical solution.

Finally, multiple locations. All three POS providers agreed that the most logical environment for a *cloud-based* mission-critical solution is where the customer maintains a large number of similar but geographically separate installations.

Moving the solution to the *cloud* allows the customer to reduce the computer equipment footprint at each location, thus reducing the costs associated with servicing and maintaining that equipment.

The executives I spoke with reminded me that the major benefit of this configuration is felt when a large number of locations are moved to the *cloud*. They agreed that the *cloud* brings with it a "heavy buzz value" that resonates with the general public, but these executives also questioned the real value of the *cloud* for a single location.

All pointed to the known *cloud* benefits of reduced equipment footprint, reduced support costs, reliable data backup, mobile access, etc. (see the earlier article for details) but concluded that for a single location with no major need for mobile access, the benefits fade significantly.

BOTTOM LINE

Hosted solutions are great for a number of club applications – payroll, tee time and dining reservations, web sites, even back office accounting. But for mission-critical operations like POS, the use of the *cloud* gets a bit more complicated.

To justify the *cloud*, you need a resilient solution, which doesn't seem to exist for clubs. If the solution you are using is not resilient, then you need redundant Internet service (which may not be available, and adds significantly to the expense) with auto fail-over (another expense). Finally, you need multiple locations, which leaves out the great majority of private clubs.

However, there is a *cloud* scenario that could make sense for individual clubs –which involves putting all of the club's software and data in the *cloud* and housing almost nothing locally. That will be the subject of a future article. **BR**

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