

THE GENDREAU GROUP REVENUE STRATEGISTS

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CASE STUDY SITUATION

Microsoft needed to change the game in Hospitality.

Customer Quote:

"I've been very impressed with how TGG has helped us land our vision and be a change agent for how we communicate our value and how our customers think about us.

The idea that 'technology is table stakes,' as Timothy puts it, was a ground breaking perspective for our Customer Advisory Board.

That shift in perspective is helping us change how we see ourselves and also how our customers see themselves.

By examining where and how Hospitality and Travel firms actually create competitive advantage – not just use technologies in their operations – **we are changing how and what we sell to them.**

That's a hugely important component of the vision and strategy TGG has been helping us craft."

Geoff Cairns, WW Managing Director, Hospitality
Enterprise & Partner Group,
Microsoft Corporation

Microsoft Engages TGG to Create a Vision, Strategy, and Game Plan for Hospitality and Travel

The Challenge

Although Microsoft has been a leader in providing software, technologies and services used by businesses and consumers around the world for nearly three decades, the company was not seen as a leader in providing these for use in Hospitality and Travel – *but many of Microsoft's partners, potential partners and competitors were.* Recognizing the revenue growth and sales challenges this posed, the members of Microsoft's Worldwide Hospitality & Travel Enterprise and Partner Group wanted to change the game by coming up with a new vision and a new strategy for serving customers, partners and travelers alike.

In late 2008, TGG began discussions with the Microsoft team about possibly helping specific strategic partners enhance their individual revenue strategies. Over the next few months, however, the conversation shifted to the challenges that Microsoft itself was facing. Then, during the June 2009 HITEC trade show, TGG principals Timothy Gendreau and Susan Wayo sat down with Geoff Cairns, Managing Director of the worldwide team, Michael Infante, Global Alliance Manager for Hospitality, and later with Bill Frizzell, Global Hospitality CTO to begin outlining an engagement to help this team frame a more robust strategy for engaging with customers and supporting partners who operate in this sector.

Cairns, Infante, and Frizzell recognized that Microsoft could do much more than simply *push* technologies – especially to an industry where Microsoft did not occupy a market or thought leadership position. They also recognized that assuming a leadership position in Hospitality would require a radically different approach to selling to customers in the space and working with partners who serve these customers. Finally, Cairns saw the value of TGG's focus on revenue strategies, and felt it could be the right starting point for determining what Microsoft's approach should be.

If this team, and more importantly, if customers and partners were going to be successful in the coming decade, significant changes would have to be made. Changing the game in hospitality would require creating, realizing, and communicating a vision for the future of hospitality that would be compelling to customers and partners; developing a workable strategy for achieving that vision on a worldwide basis; and coming up with a new and different approach for engaging with customers, partners, traveling consumers and all other stakeholders, including others within Microsoft. And doing all of this would require taking a fresh look at the industry itself – its structure, market drivers and the root causes of the challenges that hotel owners, operators, managers, and travelers were experiencing.

TGG's Approach

When the first of what became several engagements over the next year kicked-off in August of 2009, the Microsoft team was working on a concept they called the "connected traveler." Initial discussions, therefore, focused on the kinds of spend decisions and business challenges hoteliers were facing relative to the selection and use of in-room, mobile, and on-premise technologies. As discussions progressed, however, it became evident that hoteliers were actually facing a number of much bigger problems.

As we thought about what it would take to deliver "connected experiences" in travel, we very quickly came to the conclusion that, whether for business or leisure, most travel experiences today are effectively "broken." With the exception of cruises, each journey we take today is fragmented into a series of largely disconnected experiences – your booking and reservation experiences, your transportation experiences, the experiences you have at each place you stay, and so forth. And any one of these has the potential to positively or negatively impact how we feel about the whole travel experience.

With a meaningful problem identified, we next began thinking about how people, companies and technologies interact and transact across the entire spectrum of each journey. By framing conversations around how value is either created or *destroyed* during the interactions and transactions that characterize each trip we take, we were then able to understand the research challenge we faced, and frame the conversations we needed to have with customers, partners and members of the Microsoft team in order to determine the kinds of relationships, technologies, and services that would be required to deliver a new kind of travel experience – one we called "**The Connected Journey.**"

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Customer Quote:

"Microsoft has the greatest opportunity now to change an industry vertical market as well as how Microsoft is perceived in that market.

TGG was able to tie together all my ideas... documenting our insanity, helping us bring order to our chaos. Timothy has a different way of looking at things, but that's exactly what we needed.

We're a technology company, so, yeah, we tend to focus on technology. But we can't just sell technologies.

The Hospitality industry is very competitive, **but as Timothy has said many times, it's not technologies that will get hotel guests coming back over and over – it's what they can do with those technologies that counts.**

I'm more valuable when I can help our customers solve problems that really matter, and focus on new initiatives that will help differentiate themselves in the market. By constantly bringing the conversation back to what matters to the guest or traveler, TGG is helping us change how we are seen by customers and partners."

Bill Frizzell, Global Hospitality CTO,
Worldwide Hospitality Industry Team,
Microsoft Corporation

By connecting the dots from both a business and technology perspective, we were able to help Microsoft conceptualize, visualize, and document how it should think about and use its rich and deep portfolio of cloud-enabled infrastructure and cloud-enabling services and applications to create a strategy that we dubbed "**Hospitality in the Cloud.**"

The following were critical to our success and to completing the work conducted during these engagements:

- **Demonstrating extensive knowledge and deep insights** into the challenges hospitality companies will face between now and 2020, developed through comprehensive secondary research and market analysis, and by engaging in substantive dialogue with industry experts, senior management from key customer and partner organizations, and with various members of the Microsoft team.
- **Delivering bold observations, straight talk, and honest assessments** of what Microsoft, customers, and partners will need to do to create value for travelers and to create sustainable competitive differentiation for their organizations. Identifying the value that individual partners can create by themselves and as members of a collaborating ecosystem, and the role and contributions that Microsoft would have to make in order to be and be seen as a leader in this industry. And most importantly, getting CIOs, technology-focused suppliers, and Microsoft itself to recognize that technology has become table stakes, what this means, and why its implications will be critical to the future success of travel and hospitality services providers.
- **Emphasizing and promoting strategic engagement with customers and partners**, enabled by strategically directed communications and interactions designed to create community with and among key players in the industry, and to position Microsoft as a thought leader, not just as a provider of technology.

Results

By HITEC 2010, TGG had helped Cairns and his team rethink and fundamentally change how Microsoft engages with customers and partners in the Hospitality Industry. Successfully accomplishing this was made possible by focusing on long-term value creation as well as short term revenues, and by provoking dialogue among key constituencies both internal and external to Microsoft.

TGG completed essential market research and analysis, coordinated in-person and phone interviews with Microsoft customers and partners, provided planning and facilitation for strategy development sessions with the internal team, provided planning and facilitation for Microsoft's multi-day Customer Advisory Board meeting that took place in Miami in December of 2009, and completed all the writing necessary for Cairns and his team to accomplish the following:

- **Craft a vision of travel** – one that is traveler-centric rather than technology-centric, and industry-focused rather than Microsoft-focused.
- **Turn Microsoft's Hospitality Customer Advisory Board (CAB) into a strategic asset** – one that Microsoft will continue to invest in to create an ongoing forum where participants can find new ways to collaborate on common challenges so that, individually, each participant can make smarter spend and investment decisions, especially when it comes to technology and technology-related services.
- **Crystallize and document a vision, strategy and game plan** – one that Microsoft can use to grow revenues and strengthen its reputation by providing the kinds of industry, business, and technical thought leadership that Travel and Hospitality firms will need in this decade to enable travelers and service providers alike to realize more value from every travel-related expenditure or investment they will make.

TGG's contribution was emphasized in a press release issued jointly by Mandarin and Microsoft on June 22, 2010 and entitled "Mandarin Oriental Hotel Group Standardizes Architecture on Microsoft Platform from Desktop to Datacenter". The following is excerpted from that release: "**For over a year now, Geoff Cairns, worldwide managing director of Hospitality at Microsoft, and his team have been working with principals from The Gendreau Group (TGG), revenue strategists who focus on helping companies across industries generate additional revenues and value from technologies, products and services. The goal has been to enable the hospitality industry to deliver more value to guests and other customers, and to find more and better ways to interact and transact successfully with each guest across each and every journey. Microsoft's Hospitality in the Cloud strategy has been a primary outcome of this work.**"