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From the April 18, 2003 print edition

Hotels let guests use computers with no strings attached

Mary Dando

The events of Sept. 11 and subsequent downward slide in the economy have hit the hospitality industry hard the past two years, but hotels are still making investments to provide modern amenities.

Driven to meet demand for client convenience, the hotel industry nationwide is going wireless, a service many feel will become an industry staple soon and which many hotels are providing for free.

At the center of this trend is Wi-Fi -- short for wireless fidelity -- which uses radio frequencies to send signals to laptop or hand-held computers by inserting a special card or wireless adapter.

In anticipation of the next wave in high-speed Internet technology, local Internet service provider WorldSpice Technologies set up a separate division, Guest Velocity, specifically to provide Wi-Fi to area hotels. To date, three local hotels have installed wireless technology, and Worldspice's business development manager Tim Brennan says his company is negotiating contracts with several others.

Chuck Pinkowski, owner of Pinkowski & Co., a local consulting firm to the hospitality industry, says in a shrinking economy, hotels need to pursue every competitive edge.

"We have more supply than we had two years ago," Pinkowski says. "You've got more hotels fighting for less business. You've got to be creative in what your competitive advantages are, and that's either services or price."

Pinkowski says hotels pursuing wireless technology are smart.

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"It's getting to the point where it's really a necessity," he says. "It's no longer a competitive advantage to a hotel to offer the Internet because so many of them are moving in that direction. In fact, the two major companies, Hilton and Marriott, have standards that they are going to be enforcing over the next 15 to 18 months for all of their hotels to move to wireless Internet."

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Pinkowski says it's similar to offering complimentary breakfasts.

"It used to be a competitive edge when you did it, but now everybody does it, so if you don't have it, you are at a competitive disadvantage," he says.

One of the local hotels offering high-speed wireless Internet access is the 190-room Holiday Inn Select Downtown. The property's general manager, Wayne Tabor, says it is a response to customers' needs.

"There's no doubt we're chasing the technology industry," says Tabor, who also is president of the Memphis Hotel and Lodging Association. He says technology is now at a point where it's become affordable to install the equipment.

"In my case, I'm a high-rise hotel, so I've got to have one of the antennas every other floor to service my guests' rooms," Tabor says. "We have 14 floors of guest rooms, and one floor at the top, which is all meeting facilities, that is wired. It makes it so much easier now to just have the wireless Internet where before you had to run banks of wires in."

Tabor says the hotel paid WorldSpice a fee for wiring and installation and pays a monthly maintenance fee, which has an 800 number for 24-hour support.

"I've had it in a couple of months and my guests are just absolutely 100% thrilled about it," Tabor says. "We've had to increase the number of (wireless) cards. We started out with 12 and we're up to about 25 now," he says.

Originally the system didn't enable guests to sit in the restaurant, lounge or lobby area and work on a computer, but the need was so great that the hotel is now wired throughout the property.

"From time to time you'll see somebody bring their laptop down to the sushi bar and be doing something on the Internet or e-mailing or continuing to work. So, it's a real plus for our customers," Tabor says.

Tabor is not charging for the service.

"I don't charge, so I've kind of set the tone," he says. "I think high-speed Internet access charging will go by the way of other charges such as local telephone calls. Some hotels will charge for it, trying to recoup their costs, but I view it as a service that you have to provide for your guests.

"I think the customer will demand it. Our business is such that we do a tremendous amount of business with corporate clients. Laptops and computer access are just part of doing business today," Tabor says.

WorldSpice's Brennan says installing wireless technology is cost effective.

"The reason we go with a wireless connection in a hotel is basically because of the infrastructure," Brennan says. "It's very expensive to pre-wire every room so that someone can plug their laptop into an Ethernet jack -- to do that, you've got to pre-wire every room. With the advent of the 802.11b technology, which is the Wi-Fi standard, we are able to create a network throughout the property."

WorldSpice is providing the T1 (transmission carrier) and provides 24-hour, seven-days-a-week technical support.

"What is important is that we provide the total solution in that we have our own technical support," Brennan says.

Standard installation is approximately \$75 to \$85 per room, he says.

"That's total capital costs. And then we run a monthly fee from anywhere from \$1,250 to \$1,500 per month, depending on the size of the property and whether they are in or out of town," he says.

Brennan, who has a background in the hotel industry, says hotels must stay competitive and have to be technologically current.

"This is not only what the business traveler is demanding now, but within the next 18 months, it's going to be even more important, because computers are being built with this system already inside them as a standard," he says.

Another local hotel that has installed Wi-Fi technology through WorldSpice is Homewood Suites in Germantown. General manager Keith Staggs says the property went from dial-up access straight to wireless. The hotel, part of the Hilton Hotels Corp. chain, has 92 extended stay suites and has been running Wi-Fi for over a year. Several factors combined in the hotel's choice of wireless Internet technology, Staggs says.

"We had a lot of our guests requesting it, and our competition in the area was beginning to offer some form of high-speed Internet access," Staggs says. "And on top of that, WorldSpice had a really good business model and a really good product, and it was something that we were interested in trying out."

As with Tabor, Staggs decided not to charge for the service.

"Our clientele is probably about 90% corporate," he says. "The huge majority of people that come here are already coming with laptops or were using some form of dial-up connection, so this was just an added bonus for them to be able to get the speeds they were used to at their home or at their place of work."

"We've actually picked up a couple of bookings from companies that previously had not stayed with us," he adds, "and we were able to get them in here with a guaranteed amount of room nights and revenue specifically because we have the wireless Internet."

Another Downtown hotel, the Radisson, had WorldSpice install Wi-Fi technology on March 18.

Front office manager Hadrian Fishel says the service is free for those with

laptops with wireless capability. Converter equipment (cards) is available for rent at the front desk for \$10 a day. The hotel has 280 rooms and wireless service is available throughout the entire building including guest rooms, public spaces and meeting areas.

"From a sales marketing perspective, the technology has already enabled us to not only lure, but to actually achieve an additional 10 high-volume or high-producing accounts per year, because we now have that capability in Downtown Memphis," says Christopher Tompkins, the hotel's sales, marketing and PR director.

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