What's next for Mews? The open vs closed ecosystem debate | Matt Talks Hospitality

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SUMMARY

The discussion centers around the evolving ecosystem of hotel technology, contrasting open and closed systems. Mews, a hospitality platform, has historically embraced an open API approach, allowing numerous integrations, but is now balancing this with a more closed ecosystem to streamline operations and enhance user experience, particularly for smaller hotels.

- *Large hotels face an "integration tax" with multiple vendors and contracts, complicating support and data management.*
- *Mews started as an open ecosystem, enabling extensive integrations, which contributed to its rapid growth and adaptability.*
- *The "best of breed" approach offers flexibility but can lead to complex integration challenges and security risks.*
- *Closed ecosystems provide simplicity, security, and a unified user experience, but risk vendor lock-in.*
- *Mews aims to combine the strengths of both systems, maintaining openness for large hotels while offering a more integrated solution for smaller establishments.*
- *The platform is focusing on leveraging AI and proprietary data to enhance guest experiences and operational efficiency.*
- *Mews is embedding acquired solutions into its ecosystem to drive innovation and address unique hospitality challenges.*
- *The future strategy includes balancing open and closed approaches to meet diverse client needs and drive industry transformation.*

If you're a large hotel, if you're 100 to 1,000 rooms, suddenly you're looking at 15 to 30 integrations. And there's a real integration tax. You have to navigate multiple vendors. You've got multiple contracts you have to negotiate their support handoff. So, when something goes wrong somewhere, you have to figure out which system was wrong, and you have to navigate a three-way conversation in that sense. >> >> Hi everyone. Welcome back to another Mews Talks. And And this week in Mews Talks Hospitality, I want to talk about a open versus a closed ecosystem. if you've been following the Mews journey for a couple of years, we've been around for about 13 years. We definitely started as an open ecosystem where we had an open API, and we invited the entire hospitality world to integrate into the the platform. We were the first platform to publicly put our API on our website and say to the entire industry, "If you want to, you can. You can build towards it. You can pull data. You can push data." And that really became one part of why Mews has been such a huge success.

At the same time, you've seen us launching more and more products as being acquisitive. So, we've bought several product companies that we thought and we saw from our marketplace that were very exciting, and they were the winners in that category. And we thought we need to bring them into the fold so that we can add more value to those products. So, which direction are we going? Are we going to keep our marketplace open or are we closing down slowly? And is this an Android versus an iPhone kind of setup? Because Apple's obviously a very closed ecosystem, whereas Android is completely open. And I think it's an important debate because we're seeing a lot of shifts in different industries that are similar to hospitality, and that will give us some guidance on where Mews is going as well.

So, I'm going to be open. I'll share about what the pros are, the cons. and hopefully that gives you some sense of direction because sometimes you don't know whether you should buy a new solution. Like let let's take the Mews RMS or Atomize solution versus other solutions in the marketplace and I want to be able to give you some guidelines on where we're moving towards but also what you should do as your business because ultimately you want to do the thing that's the right for you instead of the thing that's right for me as an entrepreneur. So I hope you enjoy this Metasearch. So let's start with the open or what we call best of breed where a platform works with any integrations but you have the choice of the best of the breed so you really can diversify your text technology stack. Before we get into the detail, I wanted to turn to the definition here and Bain actually has a great definition. So let's look at what Bain said. The best of breed is a platform that creates value by enabling partners, customers and the platform owner to create value together. In practice, best of breed thrives when a market has lots of innovation at the edges.

And I think that's really important. So if you think about hospitality with all of its different types of businesses and ways of operating and you know think about a hostel, beds inside a dorm is complex and you got lots of group travel but then you've got a luxury hotel that has maybe a spa and a golf course and that has to have very different systems and then you get a wedding hotel that does complex wedding venues and every single hotel has its own niches and that makes it really hard to build one single solution that serves all of these different hotels and the different use cases. So this is really where best of breed comes in because you build a solid core and this is where Mews started when we operated 13 years ago we said let's build a phenomenal PMS, the best PMS with the best open API. The API is the kind of documentation about how you integrate with Mews and that's what we did and we didn't hide the API.

We stuck it on our website and we said to the world, please go and integrate. And it allowed us to scale because we didn't have much money in the early days. So we got to focus all of our funding on building the core PMS and making sure that that was the best in the industry whilst at the same time every hotel we went into and if you think about a smaller hotel 20 to 80 rooms, you're looking at about seven or eight integrations. So, every time we would go into the hotel and they said like, "Well, we've got this accounting system, a new one. We've got this channel manager. We've got this kind of event system." And every time you run into new integrations. And we had the choice of either having to build those integrations ourselves or actually building this open ecosystem where everyone integrated towards us and we could reuse those integrations. And that's what we did. So, we opened up the API, we put on the website. It allowed us to integrate with over a thousand integrations today and that allowed us to scale internationally, but also across different segments in the industry because we could take pretty much every box. So, you get the flexibility. You suddenly get a tech stack where every integration partner you probably currently work with, we have an integration with. So, the flexibility is really key. However, there's a downside to this best of breed which is the integration tax.

So, suddenly when you're a small hotel, you're looking at seven to eight integrations, but if you're a large hotel, if you're a hundred to a thousand rooms, suddenly you're looking at 15 to 30 integrations. And there's a real integration tax. You have to navigate multiple vendors. You've got multiple contracts that you have to negotiate. There's support handoffs. So, when something goes wrong somewhere, you have to figure out which system was wrong and you have to navigate a three-way conversation in that sense. There's security challenges that you have because data's flowing across these different systems and you have to make sure that you're protected. There's conflicting data.

And there's no real workflows because something may break down and if it if an API changes. So, you have a high dependency on team members that you have to hire. So, you have to have a team that sits on your side to navigate all of these different integrations. So, for a large hotel or a large hotel group, I can imagine that you invest in that. But if you're you know, a 20 to 80 room hotel, you're probably not going to have a large IT team that's going to navigate kind of those conversations. Another thing to keep in mind with best of breed is that future extensions of integrations are complex. So, whilst when you buy it, you may like what the integration does, once you start using it, you'll realize that actually your use case is not yet built or is getting built and it's on a roadmap. However, you're working with two companies. So, maybe the one company has it on the roadmap, but on the other side, you have to have the other company built the API integration, so they have to upgrade the API or they have to extend the API. So, now you're navigating two roadmaps and that is always slower than one single company that's delivering a product where they just have to work on their own products and that's really, really important. The companies that I would suggest you look at when you're looking at our best of breed marketplace are really companies that are constantly evolving the integration to Mews. The companies that have the deepest integration to our APIs, so that they've really taken all the use cases.

Something that we saw a couple years ago when we developed, for example, we called it Project Spacetime where we diversified time and space. So, you're no longer selling just hotel bedrooms overnight. We were selling co-working spaces and bicycle rentals and tents and and and dorms, etc. So, we we had flexible space, but we also said instead of just per night, a desk needs to be rented by the hour. Maybe a dorm is by night, but actually an apartment is per month. So, we've we made both our spaces and our time flexible. We updated our API and then we didn't find anyone who was integrating it into it because the marketplace solutions just hadn't even thought about the flexibility that Mews was building into their API. So, we have to really focus on those partners that are leaning into that. So, two really great examples that have recently upgraded their integration with Mews are on the one side Mara, which is the guest intelligence and a review platform. So, they're on the one side trying to drive more reviews, but they also have the intelligence to tell us what's happening in the hotel. So, whether Mr. Jones in room 101 complained about his air conditioning, they update the guest profile in the PMS, but at the same time, they go into Flexkeeping, our housekeeping solution, to say, "Room 101, we need to go get maintenance on that to check the air conditioning in that particular room." So, they've really stretched across our ecosystem and our APIs to make sure that their solution is very deeply embedded into Mews. Another great example is Namastay.

Namastay is a booking engine. So, Mews offers a booking engine. However, Namastay has more flexibility because it's their core solution. It offers a lot more flexibility to to kind of make it look and feel like your hotel website. And they've embedded our payment solution inside the booking engine. So, we take payments for them. So, the moment you get to the last page of their booking engine flow, we have Mews payments there so that we can capture 3D secure tokens that we can make sure that all of the for the future payments in the hotel are automated through Mews payments. I really look for those partners in our marketplace that are stretching the limits of what our API can do. I mean, it's important question to ask in the process when you speak to those type of partners. So, we talked about the open ecosystem. Let's have a look at the other side of the spectrum, which is the closed ecosystem, and what are the pros and cons of that kind of solution. Here, I turn to BCG who talked about this, and they said, "It's a more tightly controlled product family where multiple modules come from one vendor.

Often with one data model, one user experience philosophy, one commercial relationship, and one roadmap." So, the major advantages are here. There's less complexity, you've got tighter security, and integrated tools, and a harmonized UI provide a much easier and better experience for the the user. So, there's real upsets here. You know, a user logs in and can navigate between the different platforms. Automation works across the spectrum. But also, if you think about the example I gave earlier where we extended our API, but other industry vendors were not able to keep up-to-date, that becomes a real pain.

One such example was around revenue management. A couple years ago, we had product space time run, so suddenly we were able to sell multiple types of spaces, apartments, bicycle rentals, co-working spaces, etc. and multiple time units. But, revenue management in the marketplace were like, "Yeah, but that's not interesting because 90% of the market are hotels that sell rooms per night." So, we opened up our API and none of the revenue management systems were building towards that use case because they said, "It's only for one vendor we have to do this, whereas we just have to integrate to every PMS."

So, for years we tried to have that conversation, but none of them really started building towards it, so we decided to bring Atomize, one of the leading revenue management systems, into the fold. We acquired them and so that we can control the road map, so we can really build towards the use cases that we believe are the future of hospitality. And we can only drive that kind of innovation if we own the road map. The biggest risk of this this model, however, is vendor lock-in. If you pick badly, you're stuck. You're stuck with a vendor that you may be disappointed by, but it's too hard to get out. And one of the things that I find is that a lot of hotels they don't do proper due diligence. So, they don't ask all of the questions, they don't work with the entire team, so sometimes the accounting team is not invited into the RFP process. So, once they've deployed it, they're realizing all these gaps in the product afterwards, and then there's no way out because they've now committed all of their eggs in one basket in one single vendor that is the risk because once you've moved to that platform, it's really expensive to move to another platform. So, if you are going down this route, you want to make sure that you do your due diligence in the correct way.

One of the benefits again of that one vendor is you've got a single throat to choke. So, if you are unhappy, you can have one person that you turn to. If there is a bug that happens in the system, you don't have to navigate multiple vendors. you don't have to hire an entire team on site because actually the one vendor does all of the coordinating between all of the different apps. So, you don't have to have this massive IT team on site. Another benefit is volume discounting. If you buy multiple products from one vendor, you have more revenue for that for that particular vendor, and you can negotiate a volume discount, which is important. There are risks, of course. So, if you work with a vendor that doesn't deliver world class technology, you may be stuck with that entire ecosystem of applications for quite a while, and that puts you at a as a business at risk, and specifically focus on the security of data flows.

you know, when you have a one single ecosystem, it is very easy to manage your security, but if you have multiple apps with data flowing up and down, that puts your business at risk. And unfortunately, hospitality is experiencing high interest from hackers and criminals who want to get access to this very valuable guest data so that they can contact these guests for their credit card credentials, and this is what we've been seeing for the last couple of years. So, going with like a one solution for all makes the life of you as a security kind of agent significantly better to make sure that the data is protected well.

So, stepping away from that picture, what are other industry players doing? And when I talk about industry players, I'm not talking about hospitality companies. We always look at other industries because we're trying to lead the innovation. So, we're not going to learn much from what the legacy vendors have done in the past. We're actually going to learn from other industries where there might be industry leading players. One such player was Shopify. Shopify is the e-commerce platform. So, if you run an e-commerce business, you want to have a website with an inventory solution where you take payments, and Shopify is the biggest in that particular category, and they've really leaned into starting as open because they're horizontal. So, they again they might not have use cases for everything. So, they said, "Let's just build a really solid core and then let the ecosystem handle everything around it." So, they've got a fantastic fantastic marketplace, but that's needed because they were horizontal. They wanted to very quickly expand and and cover a wide spectrum of types of businesses. Another great example is Toast. Toast is the point of sale company who navigate the same thing, but they are more verticalized. So, they are sitting in the restaurant space. If you compare a restaurant to hotel, a restaurant is an easier business to manage because really it's just restaurants. So, they don't have to deal with guest CRM data, central reservation system integrations, like the spectrum of hotels that we have to deal with.

Toast sits in the vertical of kind of restaurants. So, they get to actually build a lot of the solutions themselves, but they do have an open marketplace, but they are definitely leaning more towards the kind of the closed model with some areas that they don't cover and that's where they have their marketplace. Another great example that we look at often is ServiceTitan. ServiceTitan is in a very different space than hospitality, but they're kind of doing plumbing, electrical, roofing. So, they're they're dealing with smaller SMB kind of companies and because of that they have a more tightly controlled ecosystem. So, they really started from a closed ecosystem and slowly are opening up. But this is how we think about Mews. We really look at what industry leading solutions are doing and then we take the best parts of that and that's what we poured over into Mews when we build our strategy. So, now we've looked at the open the closed ecosystem, what are industry vendors doing and then really what's more interesting to me at least is what is Mews doing because we've definitely shifted our strategy over the years. We started as an open platform. We came in and we we built the core, a really solid core with high complexity, but we have this great open API and we built this marketplace.

Before I explain where Mews is turning towards in the future, I think it's important to use for example the the iPhone explanation. So, iPhone and Apple, they do the basics really, really well. And then for special use cases, you go to the App Store. So, but if I turn to my iPhone, even though in our company we use Outlook, on my iPhone I use the mail app because I find it easier. I use the Apple calendar, I use the Apple messaging. So, it does a few core components extremely well that covers the majority of customers. And then all of those use cases, edge cases, they turn to the kind of App Store for. So, when Mews started, we really found an industry that was struggling to innovate. And I remember the early years when we had the conversation with our developers, when I said, "We've written this API documentation that allows developers to integrate. Do you mind if I stick it on the website?" And initially the response from our developer was like, "Please don't do that because this API is constantly changing." But I said, "But we have this big challenge because everyone's asking us to build integrations and it's just we don't have the manpower for it. So, this is the only way for us to scale." So, we were the first to put it on our website and ask the industry to update. And we very quickly found an a very exciting space of other startups that had been struggling to get access to the PMS data for years that were locked out from all of the big legacy vendors. And suddenly there was a PMS that said, "Yeah, yeah, you're welcome to. Like, we actually want you to integrate with us because you're solving a problem for us solving a problem for you." Today we have 1,200 integrations in that marketplace and that really has helped us with our scalability across the world. However, as we continued building out that API, the application protocol interface, all the integrators that built the integrations that they could, you know, then copy-paste to other vendors. So, they first started with Mews and said, "Okay, we're going to do an upselling integration to Mews and then we will copy-paste that exact integration to the other APIs even though they might not be as advanced, we'll dumb it down." And it really became a one-size-fits-all for every category. So, a housekeeping app had one type of integration, a revenue management system had one integration.

However, like I said earlier, with Space Time, we had very unique use cases. So, for example, we have dynamic pricing for any type of products. If you think about breakfast, we could dynamically price breakfast every single day. However, no one builds towards that use case. We embedded payments across the the workflow, and no one builds towards our payments SDK at the time. So, whilst we kept extending our APIs, we found that the limited use cases on our marketplace really held Muse back because we were like, "Yeah, but you can do all this incredible thing to drive more revenue for the hotel, to upsell these products at a you know, if you think about a parking lot at a hotel.

Why is pricing on a Tuesday in a parking lot the same as on a Saturday, even though Saturday is seeing 100% occupancy of the rooms and a Tuesday is 20% occupancy? So, your price should go up on a Saturday because you know that these guests are going to come for the rooms. We should be yielding the the parking rates as well. And no one was able to to get there. But, what we're now seeing across our ecosystem is because we know these things, we can have hotels load all of their inventory and dynamically price when occupancy increases, not just RevPAR increases, but it's actually the TRevPAR, the total revenue per available room or the total revenue per available square meter that is actually driving an increase. and that's a really important thing to keep in mind. Another thing I want to talk about is data. So, in the time of AI and where AI is changing everything, you want to have a castle with a moat around. So, you want to protect yourself. And the way to protect yourself from disruption of AI is actually in leaning into AI. And what it wants is proprietary data. Data that is unique to you as your business as a your hotel business. And this is really where Muse comes in. So, with Muse, we've now built Muse BI, where you can store and house all of your data into a data lake that sits at the heart of the system that can communicate across all of the applications in that ecosystem. and that really becomes a treasure trove for the future of your hotel because suddenly we know things from your guest profile that we can then leverage, for example, across the housekeeping app or our revenue management system can pick up things that we know in the in the data points that we have. If I go to the restaurant and I pay with Apple Pay, if I tap my phone to the restaurant point of sale, we know that that payment token was used on the Mews guest profile and I can merge the the guest data. So, you're building in one ecosystem a much richer moat around your castle, protecting yourself against disruption because now all of your data is housed. We use AI to kind of build these fantastic use cases for your business and that's how you defend yourself against other kind of businesses that that are also doing the same thing. We are an industry of corner cases. and because we are the most human industry, that's okay, right? We we want to make sure that we automate as much as possible, but then we deploy the humans who have now a lower admin workload to spark the innovation. We really want to deploy humans to do the fun parts, to do the unexpected, to drive these experiences, but we can only do that once we started closing in more of the corner cases. Most hotels where I go into today, I ask them whether I can see their checklist and usually they're still on long checklist. So, we've automated, you know, a large portion of their work, but they're still checklist that are saying check VIP for arrival and whether housekeeping has set up the the crib in that particular room. Those corner cases, one by one we're taking off now through our ecosystem, through the AI, the semantic layer that we're building into it. that is going to make the life of hoteliers significantly easier.

But we still need humans because people travel to have human interactions, but we deploy the humans in a much more interesting way because no human ever went to hotel school to say, "I would like to stand behind a reception desk and enter data into a system." We want that new generation of hoteliers to really come in and and leverage the power of Mews to drive much better experiences. So, more and more Mews is leading into this one ecosystem built and supported by Mews. And it has real reasons and I want to give a couple of examples just to show you why we're doing this.

When you combine the point of sale for the restaurant with the PMS, with the payments, three different products, and you combine them into an ecosystem, we can now track all of the spend that happens in the restaurant to a single guest lifetime value. So, on the guest profile we added a tab recently that it's a lifetime value, and it's not just what they paid on room, it's all of the spend that they have across the hotel that we can suddenly collect, but you can only do that when you have those three pieces connected. Another example is when you have your event solution, your PMS, and payments integrated, we can take payments for events automatically. And that's a really critical component because these are high ticket items and you want to collect that cash as fast as possible.

Another great example is revenue per square meter. We know how large a hotel is, we know how much revenue there is, and we know all of the pieces that could drive more revenue from our ecosystem, so we can give real recommendations to the hotel about how they drive more revenue per square square meter through some of the stuff that we've done, for example, through Spacetime, through the parking lot extensions, et cetera. Another great example is a guest who arrives early, the kiosk will consistently upsell breakfast. It will upsell an early arrival fee because we know which rooms are clean because the housekeeping app has already informed us on the PMS side so that we can actually sell that room at an additional fee making you more revenue.

Another great example is the RMS, right? Going beyond bedrooms. Like, how do we sell anything with dynamic price so that it's flexible and to help drive more revenue. These are the just some of the examples that I have, but the use cases will continue to build and this is really why I think Mews is doing a really great job at not just buying solutions and then leaving them on the outside. We're deeply embedding them into the ecosystem because we think bringing them closer together will bring more use cases to diversify Mews' tech stack beyond what any other solution in hospitality can do today. So, are we becoming open or are we becoming closed? The answer is both. We'll always remain open because I think larger hotel groups will want a full buffet of integrations that they can choose from and they want that flexibility and we'll lean into making sure that the best-of-breed integrations are always integrated deeply with Mews and that we keep those APIs up-to-date.

For smaller vendors, we will have a more closed ecosystem because they don't want that single throat to choke. They want simple user workflows, they want security handled for them and that's really what Mews will cover for the the lower end of the market, smaller independent hotels. So, and sometimes a large hotel group might actually buy pieces of the ecosystem, but for some other pieces they decide to buy in the marketplace and we're okay with that. The thing is we want to solve the innovation gap that we feel in hospitality and we have to navigate both sides of the spectrum and we're we're going to be doing that for many years to come to really transform an industry that has been lagging for the last couple of years and I'm excited to now be at the forefront of the innovation. So, this is really my answer that I give, but I got a lot more time in my podcast to talk about the details than I do on a stage where I'm giving like 1 minute, so I'm hoping you're enjoying the depth that I've given the answer in. it's also a bit of a nothing answer because I'm saying we're going to do both sides, but there's real arguments why we have to navigate both sides.

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