

ERP as a Driver of Growth When Investment is Strategic

*An integrated management system and trust in the potential for expansion
The ambitious dream of DHotels has found a faithful ally in Sinfo One*

Interview with François Droulers, Founder of DHotels

by Veronica Pastaro

The romance of Venice has always appealed to dreamers. And sometimes, dreams can even come true there. That is the case for **François Droulers, Founder of DHotels**, a hotel company that began life in 2011 as a start-up. The founder's dream soon sprouted wings and took flight: today, DHotels has 400 rooms under management in the Mestre area of Venice, divided across two prestigious hotels: Double Tree by Hilton and 4Points by Sheraton. However, for a dream to become a reality, it takes faithful allies capable of offering a clear-eyed view that is firmly rooted in reality, but with one eye on new horizons. With the growth of the first hotel - in terms of turnover - and the opening of the second, Droulers felt the need for close, accurate monitoring of all the company's business data, so as to be able to guarantee the security it would need to grow in years to come. "The need to implement a complex administrative management system in an organisation that was very small, due to its being a start-up, led us to choose Sinfo One as

a partner, a company that I knew personally from previous experience in the hotel industry", says Droulers. "The real challenge was to seek to scale down the SiFides platform to suit a business like ours, which has 40% fewer employees than the company in which I had previously worked with it".

When did the need to have an integrated management system first arise?

When we acquired the second hotel, we decided to invest in an administrative system that would allow us to calmly take care of our present and future administrative management, even though it might seem unusual for a company as small as ours to implement an ERP system. The transformation involved firstly the mapping of all our processes, and secondly integration with the Property Management System (PMS), which manages all guest-related activities. Thus, 2016 saw the implementation phase of SiFides. The partial go-live took place after 12 months, during which time Sinfo One developed

DHOTELS

Headquarters

Venice

Business

Hotels

Staff

70 direct employees and 70 within the broader ecosystem

Turnover

€ 11 million

Ownership

Family

FRANÇOIS DROULERS



After studying Business Administration in London, François Droulers embarked upon a managerial career in Italy and abroad, working for some of Europe's leading hotel groups. Building on his vast experience, Droulers took advantage of the difficult economic context of recent years to found DHotels, with the aim of developing a multi-brand hotel group. The company specialises in buying non-performing hotel properties, which it then renovates and repositions in the upper-scale segment. The group operates with the Hilton and Marriott brands and currently boasts some 400 bedrooms, making it one of the leading players on Venice's premium hotel scene.



Double Tree by Hilton Venice North

the software to make sure that it met our specific needs perfectly, from accounts to warehouse management. The gains in terms of development guarantees, transparency in production, and accuracy in reporting and data processing were immediately apparent.

How has your monthly management reporting changed?

Our management reports are created in accordance with the Uniform System of Accounts for Hotels. Sinfo One's Business Intelligence software, integrated with SiFides, has enabled us to customise processes according to the various specific needs of our company. Today we have a system that allows us to perform targeted performance analyses that go into as much depth of data as we like, meaning we can intervene in operations management by taking the appropriate corrective measures, practically in real time. Another key feature is the platform's perfect integration with the front office system, Opera, which has enabled us to slash registration and reconciliation times between the management system and Opera, thereby freeing up accounting operators for other activities with greater added value.

What advantages do you see in being able to interface with all your systems at the same time?

Now we have an administration system that operates in line with the needs of the company's management, with time

frames that were hitherto unimaginable. On the tenth day of each month, we look at the entire company, from operating results to forecasts and commitments. From an internal operational perspective, the advantage of highlighting the company's progress and the performances of the various departments strengthens the management's accountability and measures the capacity of the departments to achieve their respective quantitative objectives. In our industry, controlling variable costs is essential in managing margins.

How can this reporting system help to deal with the unpredictability of the hotel sector?

Unpredictable events happen continuously during the course of each month. The business units have to provide services that vary according to the customer's needs, which are passed on to us and which we need to satisfy.

This means that our work is not 100% programmable, since the variable costs that we have to monitor are many, and vary considerably depending on the services requested. We increasingly have to deal with last-minute requests. Being able to specifically verify the efficiency of each operating department means that even this type of request can be managed as calmly as possible, and much more quickly than in the past.

Have you noticed substantial differences with regard to external relations?

Transparency, order and detail of corporate data are crucial factors in establishing and maintaining a relationship of trust with all the organisations that need to evaluate DHotels' performance. When it comes to suppliers, we now issue purchase orders complete with supplier product codes, which facilitates and streamlines the order process. Corporate transparency concerning the activities we carry out also brings a benefit in terms of trust and potential for growth.

Did you encounter any resistance to change?

We are a young company, in terms of both when we were founded and the age of our staff, and so change, innovation and new challenges are enthusiastically welcomed by everyone. At the same time as adopt-

ing SiFides, we expanded our workforce in the administration department, adding new professionals from larger companies and firms involved in productive activities. For this reason, the project was rolled out consistently across the entire organisation for all departments involved in the activities carried out with Sinfo One, which provided us with the support we needed in terms of training, e-learning and cultural growth, and continues to support us on an ongoing basis. Today, DHotels is more culturally advanced thanks to the activities it has carried out in collaboration with Sinfo One.

It's now possible to view a real-time panorama of your warehouse stocks. What are the immediate advantages of this?

As regards management and control of supplies, electronic purchase requests are sent to the Purchasing Office from the various corporate departments (Restaurant, Bar, Banqueting). The Head of Purchasing can now focus on seeking the best product at the best price, rather than inputting or, worse still, drawing up orders by hand. With regard to inventory management, the month-end stock-take has been speeded up thanks to a more accurate 'incoming goods warehouse' management system. Our processes have not been revolutionised, but there has been a change from a manual process to a digital one. The change - if there has been one - has manifested itself in the need to use the ERP system for procurement requests for the various departments and with suppliers, with the result that department managers have had to pay ever more attention to planning (in a highly unpredictable sector like ours) and to making more specific procurement requests for the resources they actually need, thereby generating greater efficiency. All the suppliers that work with us acknowledge the professionalism of our company, thanks in part to our back office management.

What do you still need to do to become a paperless company?

At the moment, we have got rid of about 80% of the paper in our processes. We are hoping to push this to 85% over the coming years. A significant contribution will be made by the new rules on electronic invoicing, due to come into force

in January 2019. If we then manage to achieve a system that is perfectly integrated with all our suppliers, we will probably be able to become 95% paperless. We have to admit that we have been happy to postpone the obligation to go paperless, since it is not an automatic transformation and requires investment in resources, in terms of both staff training and process integration. The elimination of paper is a priority for a company that aims to become 90% carbon free in the coming years and, in this sense, using spaces previously dedicated to cataloguing documentation for other things will make the income per square metre of our hotels more profitable.

Has digitisation also had an impact at organisational level?

We believe that the role of IT is to enhance, not supplant, customer service based on human interaction. The automation of certain functions allows us to grow without having to increase our administrative workforce, thereby freeing up resources that can be dedicated to serving and caring for our guests and their experience with us. The risk within hotel chains is that back office management takes precedence over the company's cultural capacity to improve the quality of its administrative management. Continuing to hire people to manage paper - which will only increase - could make us lose sight of our true core business: serving our guests.

What new functions or integrations can we expect to be implemented in the coming years?

Our investment in SiFides, while crucial to ensure rapid, predictable growth, has taken a heavy toll on our balance sheet. For us, it was a strategic investment with a view to evolving our company, which should see us double in size in the next three to four years. We now have a system that allows us to know with certainty how we are performing. The SiFides platform can help us peacefully transition from our current turnover of €11 million to €100 million. There is every likelihood that it will be integrated with new market offerings, but this will be an integration, rather than any substantial changes to the existing platform, which is perfectly capable of making the system scalable in line with our ambitions.