AUTOMATED LAUNDRY LOGISTICS
IN THE
HOTEL INDUSTRY

Data transparency, cost savings, shrinkage reduction, quality increase and satisfied customers – How can this be achieved with a solution?

PPHE Hotel Group

The PPHE Hotel Group benefits from an exclusive, perpetual license from the Radisson Hotel Group to develop and operate Park Plaza branded hotels and resorts in Europe, the Middle East and Africa. Additionally, the PPHE Hotel Group wholly owns and operates the art'otel brand while its Croatian subsidiary owns and operates the Arena Hotels & Apartments, as well as the Arena Campsites brand. 23 hotels of the PPHE Hotel Group in the UK, the Netherlands, Germany, and Hungary use RFID technology from UBI Solutions.

The Famous Parisian Hôtel de Crillon

The Rosewood Hotel Group's property relies on RFID technology from UBI Solutions to track high value linen, display inventory levels, optimize linen work-flow, reduce losses and inventory levels, and extend linen life. The Hôtel de Crillon uses a customized, cloud-based RFID solution from UBI Solutions.

DoubleTree by Hilton

The DoubleTree is one of the 15 brands of the hotel group Hilton Worldwide and comprises over 580 hotels. With over 970,000 rooms, Hilton Worldwide is the second largest hotel chain in the world and the leader in Europe with an occupancy rate of 77.5 percent. The DoubleTree by Hilton in Warsaw (Warszawa) is the first hotel in Poland where the entire laundry management is controlled by an RFID-based solution.

AN INTERVIEW WITH RENAUD MUNIER

Renaud Munier,
Director, International
Business Development,
UBI Solutions

„In a 2015 UK survey published in the Hotel Magazine, 96 of the hotel guests surveyed stated that they were 'less likely to return if their bed linen and towels were stained or of poor quality', with 95 percent of respondents stating that they would 'tell others about their bad experiences. When traveling frequently, it's easy to realize how important it is to have good quality linen for rest-times after a long day at work. This is one way of explaining why laundry and laundry washing are among the highest operating costs in hotels. Washing a piece costs on average 30 to 40 cents - although prices per country/region and hotel category/number of pieces vary greatly. Let us assume that a 4-star hotel with 200 rooms and an occupancy rate of 80 percent has 72,000 pieces of laundry washed per month at a cost of 28,800 euros. The personnel costs for cleaning the rooms would amount to 31,200 euros at an assumed time of 30 minutes per room and an hourly wage of 13 euros. These amounts are not small. Finding the balance between cost and quality is not an easy task for the industry. This is where we can help."

Mr. Munier, what is the current status quo of laundry management in hotels?

One of the first ideas for the use of RFID in the textile industry was to point the finger at the person who loses the laundry. This 'who's guilty' approach has given the technology a negative connotation. The spread of this approach was detrimental. This is not our approach. The motivation to implement RFID is strongly driven by the linen owner: Either the hotel or the laundry service provider. At UBI Solutions, we work with both groups of customers. We have hotel clients that use our technology, such as the PPHE Hotel Group, or laundry companies that rent and wash laundry for their hotel customers, such as Fishers and Clean in the UK, Locatex in France or McClean in Spain. Despite the successful installations and the positive feedback from managers who use RFID data to optimize controlling, the benefits of RFID technology are still widely unknown throughout the hotel industry.

What are the advantages for hotels when RFID is used?

The first major advantage the technology offers is transparency. In order to achieve the balance between the necessary quality maximization and cost reduction, a trustful cooperation between hotels and laundry service providers is a must. In today's growing share economy, RFID technology helps hotels and their partners in sharing responsibility. Take our 200-room hotel: Management wants to control which laundry items are sent to the laundry service provider daily due to a lack of trust. If it takes three seconds to move, count and document a piece of laundry, this means that the hotel needs one person to spend 60 hours per month just to count the laundry. 864,000 pieces of laundry must be counted each year with an unknown error rate. For a hotel chain, no matter where it is located, knowing the total rotating and non-rotating laundry flow in real time – in minutes instead of weeks – is one of the main advantages that

RFID Creates "Astounding" Transparency

During the preparation of the first tests it became clear that the textile equipment of the hotel chain included too many different categories. This inefficiency was eliminated in the course of RFID integration.

Transparency in the Laundry Cycle

For a hotel chain, no matter where it is located, knowing the total rotating and non-rotating laundry flow in real time - in minutes instead of weeks – is one of the main advantages that technology brings.

technology brings. The benefits derived from this are numerous. Firstly, the development of laundry quality in relation to the washing cycles: If the quality of a particular category of laundry deteriorates faster than expected, a detailed analysis can be initiated by the laundry man-ufacturers. Secondly, on laundry losses: Awareness that the laundry is being tracked means that all parties will refrain from stealing, taking or simply misusing the laundry. We have seen that annual shrinkage rates have decreased by a factor of 2.5 in two years. Thirdly, on the transparen-cy of hotel management: Thanks to cloud technology, those responsible in hotel management now have new reporting tools at their disposal. The laundry flow provides unused and unexpected KPIs in real time on the actual occupancy rate, the quality of hotel management compared by group and the global price level of services.

Looking at the outlined advantages:
Has RFID been adopted by the hotel industry?

There are also numerous functioning solutions in individual hotels or smaller chains. However, RFID is not yet widely adopted. According to the market researcher IBISWorld, more than 606,000 hotels are in operation worldwide. Large hotel chains comprise nearly 10,000 hotels. If one takes these numbers as a basis, only a fraction of the industry has recognized the potentials of the RFID technology.

How can a hotel answer the question: RFID integration 'yes or no?' and determine the business case?

The management must be aware that there is a problem because the questions: 'Where is my laundry?' and more importantly: 'Why is my laundry not where I need it?' can frankly not be answered. Without the use of technology there is no transparency. Instead of transparency there is at best the vague feeling that something is not running smoothly. Without transparency, financial losses and conflicts, or at least a time-consuming need for communication, with textile service providers arise. If a hotel buys its own linen, the question of RFID integration in the hotel can only be answered with a clear 'Yes'.

Why does a hotel need the cloud solution from UBI Solutions if the textile service provider already has an ERP system in use that can work with RFID data?

We come across this question regularly. However, there is no competition between an ERP system, which is either specifically programmed for the laundry industry or based on SAP modules, and the cloud solution from UBI Solutions. Simply put, an ERP system is there to process orders and invoices. This is extremely important, but it is not what our application primarily does. Our cloud solution delivers analysis that the management can use to investigate and make decisions. The key difference is the logic and algorithms in our solution. Capturing RFID data is not rocket science. But filtering out the right data among billions of data and correlating it – that's what makes the solution a management tool. Furthermore, a hotel chain can have different

No More Laundry Bottlenecks

The average room occupancy rate of PPHE Hotels in Europe is almost 80 percent. A smooth supply of textiles ensures that there are no bottlenecks in housekeeping and that rooms are prepared on time.

laundry partners in different countries. Each laundry partner may have a specific ERP system or, in more complicated terms, a different organization of the laundry flow. Our system can adapt to and connect to all these existing IT infrastructures and ERP systems, providing a global and unified view of the entire laundry flow at a hotel group level. What's more, we have networked our technology with existing laundry partners such as Vision in the UK and Resuinsa in Spain. These partners are now able to track exactly which raw material

was used to produce each piece of laundry, when and where. In terms of a sustainability guarantee, it is now possible to print an RFID chip with a QR code that a hotel customer can capture and verify with a mobile app of the hotel group. Information such as production date, cotton quality and even the manufacturer can be displayed. Furthermore, hotel marketing teams could even enable customers to order hotel bed linen directly to their homes for private use. This turns a cost item into a potential profit generator.

How high is the actual savings potential?

Of course, each case must be considered individually. However, to keep it simple, we have developed advanced ROI models that include all the different savings potentials. We can make the following mass calculations based on a normal utilization rate – between 60 and 80 percent. We take into account the cost of washing laundry, reducing loss of laundry, reducing inventory, extending the life of the laundry, and reducing employee working hours.

For a group of ten 4-star hotels in Western Europe, we can say that the cost of one room's laundry is between three and ten euros per day. RFID technology can save between 0.4 and one euro per day and per room. The costs vary between 0.07 and 0.17 euros per day and per room, depending on the reading technology used. If we look at our example hotel with 200 rooms and assume an average savings rate, the typical net savings amount to about 30,000 euros per year.

Data for the Management

The implemented cloud solution provides a continuously updated dashboard for the hotel management. This enables the display of laundry costs, stock levels, losses, laundry space and the number of laundry processes.