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Why Investors are Betting on Hospitality Tech

After being turned on its head, it's clear that the hospitality industry will never be the same. However, this disruption has created the perfect conditions for innovation and new companies to emerge, and investors are paying close attention.

David Phillips, Co-Founder and President of Jurny



In the depths of the pandemic, it was not only guests that stayed away from hotels, investors gave the industry a wide berth too. Share prices cratered and venture capital dried up in a sector whose outlook was uncertain at best. But now, deals are being made once again.

In the past few months, booking giant Kayak announced it was moving into hotels and Vacasa purchased TurnKey Vacation Rentals for an undisclosed sum. There have also been multimillion-dollar investments into Cosi, Casai and Pacaso, among others. It's a stark contrast from last year when once-promising companies like Lyric and Stay Alfred became early casualties of the pandemic.

This newfound optimism coincides with progress in vaccinating the population and the growing willingness to travel. In March, the TSA screened 1.357 million U.S. airport passengers in a single day, the highest number screened in more than a year. But there's more to the investor influx than a rush to buy assets cheaply before the industry takes off again.

Investors are betting that the hospitality industry will look very different post-pandemic. The pivot to digital over the past year was decisive, and the pendulum will not swing back. Technology will separate the winners from the losers.

Technology Will Drive the Rebound

Prior to the pandemic, the hotel industry was one of the slower adopters of new technologies, but as the need for contactless solutions became essential, operators were forced to finally accelerate adoption. Previous hesitancy surrounding the cost of upgrading infrastructure to integrate technology evaporated. Adoption enabled operators to not only comply with social

distance requirements, but also reduce overhead at a crucial time by offering remote check-in services, keyless entry and virtual concierge services.

The importance of technology was underlined in dramatic fashion in December when Airbnb went public with a \$47-billion valuation that eclipsed legacy hotel chains.

This is a huge shift for an industry that has relied on staff interaction to drive customer service initiatives, but it's long overdue. Tech companies like Uber, Lyft, Postmates and similar on-demand services were already driving an expectation and desire to control everything through a mobile phone.

Innovation is Just Getting Started

Now, investors are pouring funds into hospitality tech startups and companies that can accommodate the new requirements of travelers: space and/or automation. Pacaso, a five-month-old startup that enables people to become part owners in second homes, just nabbed \$75 million. Then, Kayak made headlines with a new partnership to open a tech-forward hotel in Miami - it's not a novel concept, but it's finally getting the attention it deserves and proving long-term viability.

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If a company can weather a catastrophic year like 2020, it has lasting power. And if we all recall, a year after Airbnb launched during the Great Recession in 2008, companies like Uber, Slack

and Venmo emerged. It's time to start looking for the next unicorn.



ABOUT THE AUTHOR

David Phillips is the co-founder and president of Jurny, a hospitality tech company pioneering the next generation of tech-first, on-demand accommodations. David is responsible for leading the company's ongoing expansion efforts. His extensive background in sales and marketing has enabled him to be instrumental in closing more than \$75 million in sales for global brands over the course of his decade-long career. Partnering with Luca Zambello in 2017, he co-founded Jurny and has led the company to triple-digit growth with occupancy rates double the industry standard.

Sought for his expertise within the hospitality industry, David has been invited to speak at several high-profile events and panels, including BISNOW State Of California Hospitality Digital Summit and the Asian American Business Summit where he spoke alongside notable U.S. senators and industry leaders. His mission continues to be to disrupt one of the biggest marketplaces in the world, hospitality, through technology.