



Comptroller and Auditor General
Report on Value for Money Examination

Bord Fáilte Éireann

Gulliver : The Irish Tourism
Information and Reservation System

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Report of the Comptroller and Auditor General

The Irish Tourism Information and Reservation System

I have, in accordance with the provisions of Section 9 of the Comptroller and Auditor General (Amendment) Act, 1993, carried out a value for money examination of the Irish Tourism Information and Reservation System developed by Bord Fáilte in partnership with the Northern Ireland Tourist Board.

I hereby submit my report of the above examination for presentation to Dáil Éireann pursuant to Section 11 of the said Act.

A handwritten signature in black ink, appearing to be 'John Purcell', with a large, stylized loop in the middle.

John Purcell
Comptroller and Auditor General

30 May 1996

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Abbreviations

BFÉ	Bord Fáilte Éireann
EU	European Union
IFI	International Fund for Ireland
IT	Information technology
NITB	Northern Ireland Tourist Board
PC	Personal computer
PIN	Personal identification number
RTO	Regional Tourism Organisation
SSU	Self-service unit

Summary of Findings

Bord Fáilte (BFÉ) has been involved with the Northern Ireland Tourist Board (NITB) since 1990 in a joint project to develop a computer-based tourist information and reservation system. The system - called Gulliver - has been developed within the two tourist board organisations by staff members and external consultants.

System Functions

The Gulliver system was planned as a central database to be accessed by tourist information offices in Ireland and tour operators based overseas via computer terminals. The purpose of the system was to facilitate tourists in obtaining information and making bookings.

The Gulliver system contains information about tourist accommodation, events and places of interest to tourists. The original plan for the system provided for car hire information and travel company schedules but these functions have not been implemented to date.

A series of reviews and analyses in 1993 concluded that the original concept and specification for the system were not capable of delivering the planned functions at a sustainable cost.

In January 1994, a Gulliver advisory board identified an alternative system configuration using personal computers (PCs), rather than computer terminals, linked to the central database. This was expected to reduce operating costs and improve system performance. Priority was given to developing this alternative system for overseas tour operators, rather than replacing the existing high cost system in tourist information offices in Ireland. The overseas module, which was expected to generate up to 80 per cent of operating revenue for the system by 1995, is still in pilot phase.

A decision was taken in September 1995 to develop a PC-based module for tourist information offices. It was intended to bring this into service in time for the 1996 tourist season. However, at the end of May 1996, BFÉ indicated that while the PC-distributed system would be operational in NITB's tourist information centres from 1 July 1996, it would not be introduced in BFÉ's tourist information offices until after the 1996 tourist season.

Use of the Gulliver System

Tourist accommodation providers who are registered as members of Gulliver can offer accommodation for sale via the system.

Over half of the hotels and guesthouses registered by BFÉ are members of Gulliver. This entitles them to be listed in the information system. Of those that are members,

less than one-third use the system actively to offer accommodation for sale. Over 90 per cent of Gulliver members in the self-catering sector actively use the system to offer accommodation for sale.

The annual registration and approval fee for bed and breakfast, town and country homes and farmhouse accommodation providers in the BFÉ area covers automatic membership of Gulliver. Again, less than one third of these members actively use the system to offer accommodation for sale.

While it was intended that all of BFÉ's tourist information offices and NITB's tourist information centres would be connected to Gulliver by the end of 1993, only 47 out of a possible total of 112 had been connected by the end of 1995. However, the connected offices include the larger BFÉ and NITB tourist information offices and sales offices in Ireland and the UK. These offices handle 85 per cent of all bookings made through tourist information offices.

The level of business transacted through Gulliver is very low, even for those who actively use the system to offer accommodation for sale. For example only 1.9 per cent of total bednight sales in the BFÉ area and 1 per cent of total bednight sales in the NITB area were processed through Gulliver in 1995.

Gulliver has resulted in fewer phone calls being required in order to find accommodation. However, the system is not seen by the users as being fully reliable for bookings. Typically, confirmation of bookings by way of telephone or fax is made to avoid the possibility of double-booking.

Project Expenditure

Total expenditure on the project in the period 1990 to 1995 was £10.2m. Taking account of membership and transaction fees of £1.6m, the estimated net cost of the project up to the end of 1995 was £8.6m.

Funding for the net expenditure on the project came from EU development grants (£2.9m), BFÉ's own resources (£2.6m), International Fund for Ireland development grants (£1.6m) and NITB's own resources (£1.5m).

The Gulliver system incurred a deficit of £641,000 for BFÉ in 1995, compared to a projected deficit of £445,000 in the 'worst case' scenario. BFÉ stated that the deficit was higher than projected because of flawed system architecture, inability of the system to cope with booking volumes and the prohibitive cost of increasing distribution channels.

Project Management

The BFÉ Board had little involvement in decision making about the Gulliver project. Instead, high-level decisions were generally made by senior BFÉ management.

A 1992 review concluded that project planning and management were weak and that there was an overreliance on the computer company involved in the project.

The way in which the project is currently directed and managed has become very complex, involving the two tourist board organisations, a project advisory group, a steering group, a project manager and a project coordinator.

Outlook for the Gulliver System

Dublin Tourism has recently introduced a computerised self-service system which appears to duplicate certain aspects of the Gulliver system in the Dublin area. BFÉ believes that the system can be linked to Gulliver in the future and that the development of self-service systems has no adverse implications for future planned expenditure on Gulliver.

BFÉ regards Gulliver as an important innovation which, because of the nature of technological change, met and dealt with difficulties as part of its pathfinding development process. It stated that the development of Gulliver is ahead of most national tourism organisations' information and booking systems, even though many are longer under development.

BFÉ and NITB are continuing with the development of the Gulliver project. BFÉ estimates that additional funding of at least £2.3m will be required in the period 1996/97 to fund planned development and ongoing operational deficits. On the other hand, a near five-fold increase in revenues is projected in the period 1995-2000.

It is planned that a majority shareholding in the system will be sold off as a means of establishing Gulliver as a stand-alone commercial operation.

Conclusions

By reference to the value for money criteria against which the project was evaluated, it can be stated that

- the system in place has not provided the planned service
- the system is not being used extensively by the tourist industry

- the cost of developing and running the system, which delivers only part of the planned service, is greater than had been estimated
- management of the project has been deficient in certain respects
- experience to date plus the demanding tasks that remain to be carried out combine to cast some doubts as to whether the cost and output targets set for completion of the project can be met.

Gulliver : The Irish Tourism Information and Reservation System

- 1 Gulliver is the name given to a computer-based tourist information and reservation system which has been developed jointly by Bord Fáilte (BFÉ) and the Northern Ireland Tourist Board (NITB).
- 2 The system has been developed within the two tourist board organisations at an estimated net cost in the period 1990 to 1995 of £8.6m. 70 per cent of the net expenditure was provided by BFÉ, with 30 per cent provided by NITB. Both tourist boards received assistance from a variety of EU funds and from the International Fund for Ireland (IFI) to support the development costs.
- 3 The project of developing the Gulliver system was intended to be completed by the end of 1993. As development proceeded, it became evident that the original design of the system would not deliver the kind of service intended at a cost which system users could afford. An alternative design for the system was identified in 1993/94. At the end of 1995, Gulliver was still in the development phase.

Scope of Value for Money Examination

- 4 The value for money examination of the Gulliver project focused on
 - the extent to which the Gulliver system in place at the end of 1995 provided the planned service
 - use of the existing system by the tourist industry
 - the cost of the project
 - management of the project
 - the outlook for the system.
- 5 This examination was concerned only with the role of BFÉ in developing and managing the Gulliver system. While it would not be meaningful to report on the project without making reference to NITB, the role of NITB in relation to Gulliver has not been examined. Conclusions about the involvement of NITB in the project should not be drawn from this report.

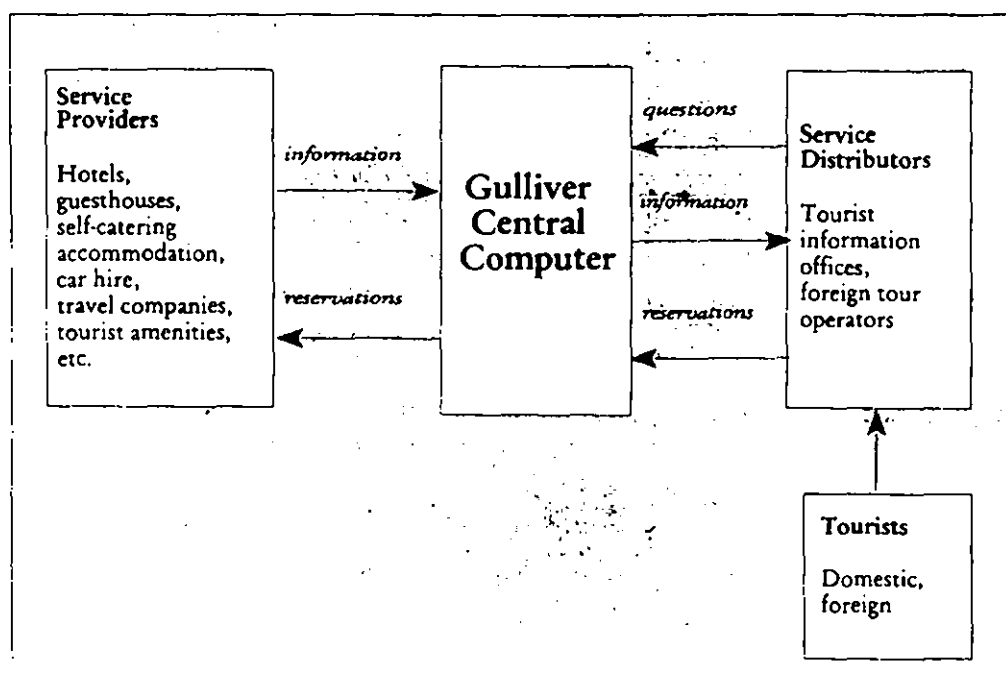
Functions of the Gulliver System

- 6 The supply side of the tourism industry in Ireland consists of relatively few large enterprises and a large number of very small units. Many of these small suppliers have difficulties in marketing and distribution. It was intended that the development of a computerised information and reservation system would ease the process of making reservations and reduce the costs involved, and that this would have a beneficial effect on Irish tourism.
- 7 The system was intended to provide an automated link between the suppliers of tourist services and the main tourist product distribution channels, such as tourist information offices¹ and tour operators abroad.

Original System Concept

- 8 Figure 1 illustrates the basic relationships between the parties involved in using the proposed Gulliver system.

Figure 1
Representation of Proposed Gulliver System



¹ In this report, the term 'tourist information office' refers to BFE's tourist information offices and NITB's tourist information centres, unless otherwise indicated.

- 9 It was intended that the Gulliver system would consist of a computer network with both domestic and international links which would
- provide up-to-date information about tourist services throughout the island of Ireland to sales agents in both the domestic and international tourism markets
 - allow certain types of service (for example, accommodation and car hire) to be booked directly and automatically by the sales agent.
- 10 The system involved the creation of a database of information about tourist services, stored on a central processing computer. This central computer was to have electronic links via telephone lines with the premises of
- service providers, who would use Minitel² terminals periodically to feed updated information to the central computer and to receive bookings as they were made on the system
 - distribution agents — mainly tourist information offices and tour operators — who would use computer terminals to search the central database for information about services their customers were seeking; and where suitable services were found, to make bookings with the service provider via the system.
- 11 The Gulliver system was intended to provide an alternative to direct contact between tourist service providers and their customers (distributors and tourists). In providing an alternative means of communication, it had the potential to replace a significant proportion of telephone or fax enquiries and bookings.

Current System Capabilities

- 12 The Gulliver system currently in place consists of a database of registered and approved accommodation in Ireland. It also includes details on places of interest and forthcoming events. It is capable of providing an automated link between tourist service providers and domestic distributors. (See Table 1.) The extent to which the available service is used is discussed later in this report.
- 13 The database does not contain information about car hire or travel company schedules. Modules to facilitate storage of information about these kinds of service were planned but have not been implemented. BFÉ plans to include travel company schedules on Gulliver in the future.

² *Minitel is a text-based communication system which provides access to central computers via telephone lines.*

Table 1
Status at 31 December 1995 of Planned Main Functions of the Gulliver System

Function	Current Status
1 Maintain and store a central database of information about <ul style="list-style-type: none">● tourist accommodation● car hire● travel company schedules● trade information/contacts● events and amenities.	Some of the intended kinds of information are available. Car hire details and travel company schedules are not currently included.
2 Link tourist service providers electronically to the central computer, allowing them to offer for sale currently available services (e.g. vacant rooms) and to receive bookings.	Available
3 Link tourist information offices electronically to the central computer, allowing them to search for information and sales offers, and to book services.	Available
4 Link foreign tour operators electronically to the central computer, allowing search and booking facilities.	Not available at 31 December 1995. A system is currently being piloted.
5 Link domestic consumers directly to Gulliver via Minitel, Prestel or similar systems.	Not available at 31 December 1995.

Source: *Gulliver: A Review of Business Considerations, February 1990, Bord Fáilte Éireann.*

- 14 The planned system included the provision of electronic links to foreign tour operators, beginning in September 1992. This was a crucial aspect of the planned system since it was expected that this module would generate up to 80 per cent of operating revenue for the system by 1995. While a foreign tour operator facility is currently being piloted, the facility was not operating by the end of December 1995.
- 15 It was decided not to proceed with a direct link to consumers via Minitel because of the failure of Minitel to become a significant distribution channel within Ireland. During 1996, BFÉ intends to offer a tourism information service on the Internet via Gulliver.

System Development

- 16 The way in which Gulliver was to function was defined by a newly created Gulliver department within BFÉ. Development work was the responsibility of BFÉ's Information Technology (IT) department.
- 17 A major computer company was involved in assessing the feasibility of the project in the period 1989–1990. Subsequently, the same company acted as consultants and

system developers under the direction of the IT department of BFÉ and also supplied computer equipment. The computer company also retains a share in the ownership of the original software developed for the Gulliver system. Up to the end of 1995, the computer company received £4.6m (including VAT) in connection with Gulliver. Payments to the computer company in 1996 are expected to amount to around £450,000.

- 18 By 1993, the system was in operation in tourist information offices in Ireland. During that year, it became clear that there were very serious operational difficulties. In particular
- The original specification of the system had significantly underestimated the level of information which would flow on the network for each booking. As a result, the central processing computer was not capable of dealing quickly with the volume of business which had emerged by 1993, much less the projected longer term volumes of business it was supposed to handle.
 - It became apparent that it would not be possible to serve tour operators abroad using the existing system, mainly because the operating costs involved would be prohibitively high.
- 19 The overall strategy for the system was comprehensively re-evaluated during the 1993 tourist season. It was concluded that both the original concept and system specification were deficient and that, without substantial redevelopment, the project could not be fully implemented or be operated commercially.
- 20 The main problems identified were
- The system design was intended to cater for a database of information which was changing constantly. In fact, almost 90 per cent of the information stored in the central database did not change on a regular basis. As a result, it would be possible to transmit copies of the database periodically (say, every week) to at least some of the distribution agents who could store it on their own personal computer (PC) systems. With this facility, they could process many information requests locally, using costly telephone line connections to the central computer only for bookings. This would both reduce costs and improve central processing speed by reducing the number of separate transactions handled.
 - The main method of linking service providers to Gulliver was via the Minitel system, rather than by direct links to service providers' own accommodation management systems. It was concluded that reliance on the Minitel system introduced too high a risk of errors in booking. For example, a hotel might accept a booking over the counter without realising that the room had been

allocated to Gulliver. The same room could be sold by a tourist information office without realising that it had been sold already by the hotel. This meant that distribution agents would frequently have to confirm bookings through telephone calls, faxes and telexes.

- The existing system involved a very high level of fixed costs, particularly the cost of leasing dedicated telephone lines for information exchanges between the central processing computer and terminals in the premises of distribution agents.

System Re-design

- 21 In January 1994, a Gulliver advisory board, representative of the tourism and travel industry and the tourist boards, concluded that the entire system could be redeveloped on the basis of a network of PCs in the premises of distribution agents, linked to a central computer. This solution - referred to as a 'PC-distributed system' - would allow periodic distribution of the database and local processing of enquiries, thereby improving system performance speeds and significantly reducing operating costs.
- 22 In response to the advisory board's conclusion, BFÉ and NITB decided to develop a PC-distributed system for tour operators abroad. Priority was given to developing the PC-based system for overseas tour operators rather than replacing the existing high cost system in tourist information offices in Ireland. BFÉ considers that it was prudent to test the PC-based system on a small, low-risk scale first before embarking on the radical step of closing down and replacing the existing tourist office system. The overseas tour operator module has been in pilot phase since April 1994 with seven tour operators - two in Ireland, four in the United Kingdom and one in Paris. A full launch of the module has not yet occurred.
- 23 The Boards of BFÉ and NITB agreed in September 1995 to develop a PC-distributed version of Gulliver to replace the original system installed in tourist information offices. It was intended that the revised system would be in place in time for the height of the 1996 tourist season. However, at the end of May 1996, BFÉ indicated that, while the PC-distributed system would be operational in NITB's tourist information centres from 1 July 1996, it would not be introduced in BFÉ's tourist information offices until after the 1996 tourist season.
- 24 A facility has been developed to allow accommodation providers to link into Gulliver from the PCs on which they operate their own accommodation management packages, rather than use a separate Minitel terminal. This was intended to facilitate use of the system by service providers and to reduce the risks of booking errors. While this facility has been available since mid-1994, the risk of booking errors has not been eliminated because Gulliver does not link automatically with service providers' own accommodation management packages.

Use of the Gulliver System

- 25 The practical value of the Gulliver system depends on the extent to which the functions which are available are used by those whom the system is intended to serve. For convenience, use of the system can be viewed from the separate points of view of tourist service providers and tourist information offices.

Use by Tourist Service Providers

- 26 The plans for the development of Gulliver envisaged that the system would be used to store information about a variety of types of service provider. Within each category, service providers would register as members of the system, which would entitle them to be listed in the database and periodically to allocate available service capacity for sale through Gulliver.

Updating of Information

- 27 The Gulliver database contains a considerable amount of information, not only about accommodation but also about facilities which may be of interest to tourists e.g. listings of restaurants, opening dates and times of heritage sites and museums, details about festivals, etc. Information about accommodation is supplied by the proprietors who are asked regularly to check the accuracy of the details held on file. Details about visitor attractions and events are input by Regional Tourism Organisations (RTOs). New procedures are currently being introduced to improve the range and quality of these details.

Range of Service Providers

- 28 The two main categories of service provider which it was expected that Gulliver would serve were accommodation providers and car hire companies. As currently developed, the system does not have the ability to handle car hire bookings. So far, only tourist accommodation providers are interactively linked to Gulliver.

Gulliver Membership

- 29 Gulliver membership levels for the main categories of accommodation provider registered by BFÉ and by NITB are shown in Table 2.
- 30 The main differences in membership levels between areas occur in the Irish homes and non-group self-catering categories. This occurs because membership of Gulliver is automatic for providers in these categories who are registered and approved by BFÉ. By comparison, membership of Gulliver is voluntary for all tourist accommodation providers registered by NITB.

Table 2
Membership of Gulliver by Tourist Board Area - 1995

Accommodation type	Number of Gulliver members		Level of membership ^a	
	BFÉ area	NITB area	BFÉ area	NITB area
Hotels	413	65	59%	50%
Guesthouses	236	69	70%	43%
Irish homes ^b	3,924	130	100%	19%
Self-catering				
- group	60	12	54%	63%
- non-group	1,800	80	100%	29%
All accommodation	6,433	356	93%	28%

Source: Bord Fáilte Éireann

Notes: ^a Number of members of Gulliver as a percentage of total registered and approved accommodation providers in each category.

^b This category includes bed and breakfast providers, town and country homes and farmhouse accommodation.

31 Membership of Gulliver was optional for most categories of accommodation provider registering with BFÉ until 1994. The proportion of BFÉ-registered service providers in the Irish homes category who were members of Gulliver fell from 24 per cent in 1992 to 21 per cent in 1993. At that time membership of Gulliver was optional and cost £50 per year. Following discussions between BFÉ and organisations representing the service providers, it was agreed to provide Gulliver membership automatically to all Irish homes that were registered and approved by BFÉ. It was also agreed that the registration fee for Irish homes (including membership of the relevant RTO) would increase by £30 a year, from £120 to £150. As a result, participation in Gulliver increased from 21 per cent in 1993 to 100 per cent in 1994.

32 The proportion of BFÉ-registered hotels and guesthouses which are members of Gulliver increased slightly between 1992 and 1995. Some members in these categories have withdrawn from membership each year, offsetting some of the new members in these categories.

Allocation of Accommodation

33 All bookings made through BFÉ's tourist information offices, including direct bookings via Gulliver, involve the payment of 10 per cent of the cost of the accommodation to the tourist information office, with the service providers receiving

the remaining 90 per cent. Many providers have other sources of customers e.g. premium customers (paying full rates) who walk in off the street or pre-book directly and tour operators who book far in advance.

- 34 Payment of the Gulliver membership fee entitles a service provider to be listed on Gulliver and to have the opportunity to receive booking and enquiries. However, bookings can only be made directly through the Gulliver system if the accommodation provider offers vacant rooms for sale through Gulliver.
- 35 Service providers who are members of Gulliver may opt not to allocate vacant accommodation to Gulliver but instead to provide accommodation only in response to specific requests from tourist information offices. In such cases, information about the service provider is maintained on the system. Where the kind of accommodation sought is not available from allocating suppliers, the list of 'request' providers is consulted. These are phoned in sequence until the required accommodation is found.
- 36 Table 3 shows the number of Gulliver members who actively used the system to offer vacant accommodation for sale in 1995. The proportion of service providers using the system was significantly lower among those registered through BFÉ than those registered through NITB.

Table 3
Members of Gulliver who Allocated Accommodation, by Tourist Board Area - 1995

Category of accommodation	BFÉ area		NITB area	
	Number allocating	Percent of Gulliver members	Number allocating	Percent of Gulliver members
Hotels	128	31%	58	90%
Guesthouses	61	26%	62	90%
Irish homes	1,138	29%	117	90%
Self-catering				
- group	60	100%	11	90%
- non-group	1,800	100%	72	90%

Source: Bord Fáilte Éireann

- 37 The percentage of Gulliver members who allocate accommodation is higher for service providers in the NITB area because agreement to allocate accommodation is generally a condition for membership there.
- 38 BFÉ does not monitor the proportion of allocated accommodation that is sold.

Use by Tourist Information Offices

- 39 Because of failure to develop all the planned functions of the Gulliver system, the only feasible current users of the system on the demand side are BFÉ's tourist information offices and NITB's tourist information centres. In that context, use of the system can be assessed in terms of the number of information offices connected to Gulliver, and the level of bookings made.

Tourist Information Offices Connected

- 40 It was intended that all of BFÉ's tourist information offices and NITB's tourist information centres would be connected to Gulliver by the end of 1993. At the end of December 1995, the number of such offices and centres connected to the system was 47 out of a possible total of 112. A further six offices in Ireland and the UK are also connected.
- 41 The tourist information offices which are connected to Gulliver account for 85 per cent of all bookings made via tourist information offices. In general, the offices not connected to Gulliver are small seasonal offices which tend mainly to book accommodation locally.

Bookings

- 42 The level of business handled by the Gulliver system can be assessed relative to
- the overall size of the market for tourist accommodation
 - the amount of accommodation offered for sale on the system
 - the planned level of business.
- 43 Table 4 shows the number of bookings made through Gulliver in 1995. Bednights booked are also shown. Bookings are credited to Gulliver even if the premises is 'on request' and has not allocated any accommodation to the system.
- 44 In the hotel/guesthouse sector, the average booking through Gulliver in the BFÉ area is for 3.3 bednights. In the self-catering sector, the units are larger and tend to be booked for longer periods. Consequently, the average booking through Gulliver for this category involves over 25 bednights.
- 45 BFÉ estimates that bednights booked through Gulliver, including 'request' bookings, are worth in excess of £8m to the tourism industry.

Table 4
Accommodation Bookings through Gulliver in 1995 by Category of Accommodation

Category of accommodation	In BFÉ tourist information offices		In NITB tourist information centres ^a	
	Bookings	Bednights	Bookings	Bednights
Hotels	13,500	44,000	4,000	8,100
Guesthouses/Irish homes	73,700	242,800	7,000	22,900
Self-catering	7,700	196,100	200	2,700
Hostels	4,100	13,500	1,300	10,300
Other	3,600	12,300	-	-
	102,600	508,700	12,500	44,000

Source: Bord Fáilte Éireann

Note: ^a NITB figures are based on 1995 totals and 1994 percentage breakdown among categories.

Gulliver Market Share

- 46 The number of bookings and bednight sales handled by Gulliver is significant in absolute terms. Given that accommodation providers have other channels of distribution, it could not be expected that Gulliver would handle most accommodation transactions. Nonetheless, Table 5 shows that the level of bednight sales handled by Gulliver in 1995 was very low relative to the total number of bednights sold.

Table 5
Gulliver Share of Total Bednights Sold in 1995, by Area

Category of accommodation	Gulliver bednights as a percentage of total bednights sold	
	BFÉ area	NITB area ^a
Hotels	0.8%	0.5%
Guesthouses/Irish homes	3.1%	3.1%
Self-catering	3.1%	0.2%
Hostels	0.8%	1.2%
Other	0.2%	—
All categories	1.9%	1.0%

Source: Bord Fáilte Éireann

Note: ^a 1994 data

Sales per Vendor

- 47 In Ireland as a whole, almost 60 per cent of the bookings made through Gulliver go to premises which allocate rooms on the system.
- 48 When the level of bookings is related to the number of accommodation providers who actively offer accommodation for sale via Gulliver, the level of business handled is very low. (See Table 6.) For instance, guesthouses/Irish homes which allocated accommodation to Gulliver in 1995 received, on average, the equivalent of one booking every eleven days for three bednights of accommodation. Providers of self-catering accommodation who offered vacancies for sale on Gulliver received, on average, one booking every three months through the system.

Table 6
Average Bookings and Bednights sold by Allocating
Service Providers through Gulliver in 1995

Category of accommodation	Average bookings received	Average bednights reserved
Hotels	59	167
Guesthouses/Irish homes	31	101
Self-catering	4	102

Source: Derived from Bord Fáilte Éireann data

- 49 Since the amount of accommodation offered for sale is not known, the percentage of accommodation allocated to Gulliver that was actually sold cannot be established.
- 50 When tourist information offices seek to book accommodation via Gulliver, those premises which have allocated accommodation are offered first to customers. As a result, average Gulliver bookings of bednights in hotels and guesthouses which allocate vacancies for sale is about 2.5 times the average bookings made in request-only premises.

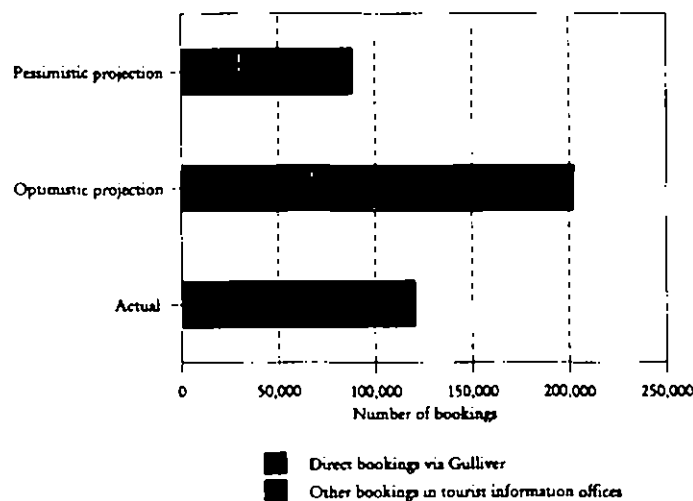
Planned Business Level

- 51 According to BFÉ, there was no internationally distributed information and reservation system in operation anywhere in the world when the Gulliver project commenced in 1990. As a result, it was difficult to forecast the volume of bookings which would be handled by the system when it was fully operational.
- 52 Projections made in 1990 of likely BFÉ costs and revenues related to Gulliver transactions were based on two assumptions about the rate of growth between 1990

and 1995 in tourism business which could be handled by Gulliver. The pessimistic assumption was that bednights booked in tourist information offices in the BFÉ region would grow by an average of 7 per cent a year up to 1995 while Gulliver transactions originating overseas would grow by 17 per cent a year from an assumed base. The optimistic assumption was that bednights booked in tourist information offices would grow by an average of 23 per cent a year and Gulliver bookings originating overseas would grow by 27 per cent a year.

- 53 There were no direct reservations on the Gulliver system in 1995 for car hire or from overseas tour operators since the modules required to process such bookings were not in place.
- 54 Figure 2 shows projected 1995 levels of bookings in tourist information offices in the BFÉ area and the number of those bookings which it was expected would be made directly through Gulliver. Actual direct bookings of accommodation made through Gulliver in the BFÉ region in 1995 are also shown.³

Figure 2
Direct Bookings in 1995 through Gulliver in BFÉ Region — Projected versus Actual



- 55 The level of bookings handled in 1995 by all tourist information offices in the BFÉ area, including small offices which are not connected to Gulliver, was between the levels projected. However, the proportion of bookings which was made directly with premises allocating accommodation for sale via Gulliver was higher than projected.

³ Projections of Gulliver transactions did not include bookings made in 'request' premises. BFÉ considers that such bookings are Gulliver transactions.

System Performance

- 56 Gulliver has resulted in tourist information offices having to make fewer individual phone calls to determine the availability of vacant accommodation for those premises which allocate accommodation. Where bookings are made in 'request' premises, several phone calls may still be required to effect a transaction.
- 57 A separate performance issue relates to whether or not bookings made via Gulliver must be confirmed with service providers by the agent taking the booking. The purpose of such confirmation, usually by phone or fax, is to confirm the details of the booking and specifically to avoid double-booking of accommodation. In general, tourist information offices do confirm Gulliver bookings even if Gulliver shows that accommodation is available. Early in the 1995 tourist season, one office dispensed with back-up confirmation at the request of Gulliver management who insist that, in most cases, back-up confirmation is unnecessary. However, the experiment was abandoned within a week because of confusion among tourists and accommodation providers.

Project Expenditure

- 58 Total expenditure on the Gulliver project by BFÉ and NITB over the period 1990 to 1995 amounted to £10.2m. (See Table 7.) Over the same period, operating income was £1.6m, resulting in net expenditure of £8.6m of public funding.

Table 7
Expenditure on the Gulliver System by BFÉ and NITB, 1990-1995

	1990	1991	1992	1993	1994	1995	Total
	£'000						
Development costs	1,307	628	669	730	573	248	4,155
Operating costs	55	488	1,163	1,514	1,501	1,378	6,099
Gross expenditure	1,362	1,116	1,832	2,244	2,074	1,626	10,254
Operating income	-	186	200	388	343	492	1,609
Net expenditure	1,362	930	1,632	1,856	1,731	1,134	8,645

Source: *Appendix A*

Sources of Funds

- 59 Development grants were received from the International Fund for Ireland (IFI) and from a variety of EU initiatives for high-technology projects, including 'Télématique', 'Star', and 'Impact'. Together, these sources provided 52 per cent of the net expenditure on the project in the period 1990 to 1995. The balance was provided from BFÉ's and NITB's own resources. (See Table 8.)

Table 8
Sources of Funds for the Gulliver Project 1990-1995

Sources of funds	Funds provided through		Total public funds
	BFÉ £'000	NITB £'000	
Tourist boards' own resources	2,607	1,513	4,120
EU development grants	2,621	284	2,905
IFI development grants	850	770	1,620
All sources	6,078	2,567	8,645

Source: *Bord Fáilte Éireann*

NITB Contribution to Project Costs

- 60 In August 1992, a letter of understanding in connection with the Gulliver project was signed by BFÉ and NITB. Among the provisions agreed was that capital costs and certain central system operating costs would be borne by BFÉ and NITB on a 70:30 basis.
- 61 The contribution by NITB to BFÉ's costs of development and operation in the period 1992 to 1995 was £1.6m. In addition, NITB incurred net local costs of a further £1m.

Project Budget

- 62 No overall project budget was set at the time the Gulliver project commenced in 1990.
- 63 A document prepared within BFÉ contained projections of BFÉ's trading income and gross expenditure on Gulliver. This projected that the likely net cost of the project would be in the range £6.1m to £7.4m over the years 1990 to 1995. The projections did not include an amount in respect of NITB's local costs.
- 64 Had an accurate forecast of NITB's net local costs over the period 1990 to 1995 (i.e. £1m) been included in the projection, the projected overall net cost of the Gulliver system would be £7.1m to £8.4m. Developing and running a system which delivers only part of the planned service cost £8.6m in the years 1990 to 1995.

Trading Position of BFÉ in 1995

- 65 The Gulliver system currently in operation is significantly different, both in terms of capability and level of usage, from what was originally envisaged. A comparison of the projected and actual trading positions for BFÉ in 1995 highlights the impact of failures to deliver what was planned and of consequential changes in the business strategy for the Gulliver system. (See Table 9.)
- 66 The main points to note are
- Revenue in 1995 was only 42 per cent of the level projected and is much more heavily dependent on registration fees than was envisaged.
 - 80 per cent of revenue was projected to arise from overseas bookings (including car rental). However, these features are not yet available.
 - For every £1 of revenue earned by Gulliver in 1995, a further £1.68 was provided by BFÉ to bridge the shortfall between revenue and costs.

- Spending on marketing in 1995 was only one sixth of the level projected. This saving occurred because of a conscious decision to lower the marketing profile of Gulliver while the system was being redeveloped.

Table 9
Gulliver Revenue and Expenditure incurred by BFÉ in 1995
- Projected (Pessimistic) versus Outturn

	Projected £'000	Outturn £'000
BFÉ Revenue		
Registration fees	49	207
Transaction fees		
- domestic bookings	134	154
- foreign bookings	735	-
Other	-	21
Total BFÉ revenue	918	382
BFÉ Expenditure		
Staffing costs	421	389
Transaction costs	209	135
Fixed operating costs	224	411
Marketing	333	55
Overheads	176	113
Development	-	248
Total BFÉ expenditure	1,363	1,351
Operating deficit	445	969
NITB contribution to BFÉ	-	328
Net expenditure by BFÉ	445	641

Source: Projected - *Gulliver: A Review of Business Consideration, 1990*
Outturn - *Appendix A*.

- 67 BFÉ stated that the deficit was higher than projected because of the flawed system architecture, inability of the system to cope with booking volumes and the prohibitive cost of increasing distribution channels.

Management of the Project

- 68 Overall responsibility for project management and decision making in relation to Gulliver rests with BFÉ and NITB. In the following paragraphs, only the systems, procedures and practices used by BFÉ in the exercise of its management and decision making responsibilities are considered.

Major Project Decisions

- 69 Within BFÉ, the original decision to proceed with the Gulliver project was made at a management meeting in February 1990. There is no record of the details of the decision which was taken.
- 70 The records of BFÉ Board meetings indicate that between mid-1989 and mid-1995, Board discussions and decisions about Gulliver were minuted on only seven occasions. There are references in the minutes to progress reports also having been submitted to the Board on a number of other occasions.
- 71 The Board minutes indicate a general lack of involvement of the Board in high-level decision making in relation to the Gulliver system during its development. They also suggest that the major decisions about the direction and funding of the project were generally made by senior management in BFÉ.

Project Monitoring and Management

- 72 Between 1990 and 1993, the development of Gulliver was overseen by a project steering group comprising executives from the two tourist boards. The group was chaired by senior executives from BFÉ.
- 73 Day-to-day project management was undertaken by a team comprising executives from BFÉ, NITB and the computer company engaged as system developer. There was no single project manager within this team. Responsibilities for IT development and business development were apportioned among staff in BFÉ.
- 74 In the context of an application for EU funding in October 1992, BFÉ was required to undertake a comprehensive review of the Gulliver project. The consultants who undertook the review concluded in relation to the management of the project that
- there was an overreliance on the computer company contracted to assist in development and operation of the system
 - there should be more involvement of system users and market interests in decision making

- project planning and management were weak
- a single identifiable project manager, recruited externally, should be appointed to co-ordinate the project for up to one year
- the net funding requirement of the project could readily exceed £10m.

- 75 A project manager was recruited externally and appointed on contract in January 1993 in response to the consultants' report. Subsequently, the person recruited as project manager was given responsibility for IT development and operations. A senior BFÉ executive was appointed in his place as the overall project manager.
- 76 A Gulliver advisory board, which included representatives of tourist and travel industry interests and the two tourist boards, was appointed in September 1993 to replace the original steering group.

Review of BFÉ

- 77 Early in 1994, the Minister for Tourism and Trade commissioned management consultants to carry out a full review of BFÉ's structure and operations. The management of Gulliver within BFÉ was reviewed as part of this exercise.
- 78 When the consultants reported in October 1994, they recommended that management of the Gulliver system should be made independent of BFÉ. Subsequently, further analyses of this recommendation were carried out.
- 79 A new steering group, to operate in parallel with the advisory board, was established in August 1995. The steering group consists of representatives of the two tourist boards, the advisory board, the Department of Tourism and Trade and the Northern Ireland Department of Economic Development. The remit of the steering group is to oversee the securing of new partnership arrangements for Gulliver. A project coordinator has been employed on contract to further this aim.

Outlook for the Gulliver System

Pilot Self-Service System

- 80 Dublin Tourism has responsibility for tourism services and tourist information offices in Dublin city and county. It has recently introduced, on a pilot basis, a computerised self-service system which provides details of accommodation, amenities and events in the Dublin area and allows accommodation to be booked on payment by credit card of the relevant booking fee (10 per cent of the cost of the accommodation). See Appendix B for an outline of the Dublin Tourism self-service system.
- 81 It was intended from the outset that Gulliver would be able to support commercially-developed self-service systems. However, the Dublin Tourism pilot system is not linked to Gulliver. While the service it provides is local and carries details only about Dublin service providers, the system appears to duplicate certain aspects of the Gulliver system. A particular strength of the Dublin Tourism system is that the accommodation provider requires merely a touchphone to communicate with the system, whereas a PC or Minitel terminal is required to communicate with Gulliver. However, BFÉ believes that this system can be linked to Gulliver in the future and that the development of self-service systems has no adverse implications for future planned expenditure on Gulliver.

Plan for Gulliver

- 82 BFÉ believes that the Gulliver system is of considerable significance to Irish tourism's ability to sell, promote and market, using information technology. BFÉ regards Gulliver as an important innovation which, because of the nature of technological change, met and dealt with difficulties as part of its pathfinding development process. It stated that the development of Gulliver is ahead of most national tourism organisations' information and booking systems, even though many are longer under development.
- 83 The Boards of BFÉ and NITB decided in January 1996 to seek to sell off a majority stake in Gulliver. The tourist boards may retain a 'golden' share and the tourism industry may participate also. BFÉ intends shortly to issue a request for proposals, inviting private sector participation.
- 84 A draft prospectus prepared for the steering group in September 1995 presented a strategy to secure investment in Gulliver 'by a suitable commercial, private sector partner or a partnership consortium'. It envisaged that
- The existing system in tourist information offices would be replaced by a new PC-distributed system in time for the 1996 tourist season.

- The PC-distributed tour operator module, which had been in a pilot phase since April 1994, would be 'live' in time for the 1996 tourist season.
- The number of distribution agents (both domestic and international) would increase significantly.
- Revenues were projected to increase almost five-fold over the period 1995-2000. This would be achieved by
 - introducing a database rental charge payable by distribution agents
 - increased participation of service providers
 - significant increases in the volume of transactions.
- In addition to projected revenue, further additional funding of £2.3m (including £650,000 of capital expenditure) would be required in the period 1996/97.

85 Achievement of the targets set in the draft prospectus would place very considerable demands on the project management. In addition, failure to meet the targets would result in an increase in the required funding for the project. The main risks relate to

- The failure to implement a PC-distributed system for tourist information offices for the 1996 tourist season. (See paragraph 23.) This means that the system will continue to rely heavily in 1996 on the existing high cost system.
- The decision to defer the introduction of the overseas tour operator module. Since the draft prospectus was produced, it has been decided to continue this module in a pilot phase in 1996. Existing pilot sites are being encouraged to build up a volume of business and by the end of 1996 it is intended that 30 tour operators will be on the system.
- The development of the existing domestic business in terms of volume of transactions and range of service providers. Income from the domestic market, including database rental, was projected to increase by 32 per cent in 1996 and by a further 118 per cent by the year 2000.

Conclusions

- 86 By reference to the value for money criteria against which the project was evaluated, it can be stated that
- the system in place has not provided the planned service
 - the system is not being used extensively by the tourist industry
 - the cost of developing and running the system, which delivers only part of the planned service, is greater than had been estimated
 - management of the project has been deficient in certain respects
 - experience to date plus the demanding tasks that remain to be carried out combine to cast some doubts as to whether the cost and output targets set for completion of the project can be met.

Appendices

Appendix A

Gulliver Project Revenue and Expenditure 1990-1995

	1990	1991	1992	1993	1994	1995	Total
	£'000						
Revenue							
Registration fees							
- BFÉ	-	186	160	192	177	207	922
- NITB	-	-	13	-	18	12	43
	-	186	173	192	195	219	965
Domestic transaction fees							
- BFÉ	-	-	18	180	116	154	468
- NITB	-	-	9	8	22	98	137
	-	-	27	188	138	252	605
Other income (BFÉ)	-	-	-	8	10	21	39
Total revenue	-	186	200	388	343	492	1,609
Expenditure							
Staffing costs	17	165	263	451	467	389	1,752
Transaction costs	-	75	120	154	134	135	618
Fixed operating costs ^a	-	90	182	233	389	411	1,305
Marketing	11	116	177	188	218	55	765
Overheads ^b	27	42	88	146	73	113	489
Development	1,307	628	669	730	573	248	4,155
Total BFÉ expenditure	1,362	1,116	1,499	1,902	1,854	1,351	9,084
NITB contribution to BFÉ	-	-	600	361	288	328	1,577
BFÉ expenditure (A)	1,362	1,116	899	1,541	1,566	1,023	7,507
NITB internal costs	-	-	333	342	220	275	1,170
NITB contribution to BFÉ	-	-	600	361	288	328	1,577
NITB expenditure (B)	-	-	933	703	508	603	2,747
Total expenditure ((A) + (B))	1,362	1,116	1,832	2,244	2,074	1,626	10,254
Net funding required	1,362	930	1,632	1,856	1,731	1,134	8,645

Source: Bord Fáilte Éireann

Notes: ^a Includes costs of lease of hardware and software, facilities management, legal costs, insurances, research and consultancy.

^b Apportioned tourist board costs for rent, rates and service charges, light and heat, office communications, general insurances, etc.

Appendix B

Pilot Self-Service System developed by Dublin Tourism

Background

Self-service information and reservation systems have certain advantages over conventional systems. For example, they can be accessed outside normal business hours and they can allow tourists to browse through the visitor attractions and premises, including visual images.

Gulliver does not include this capability. Accordingly, Dublin Tourism developed a self-service system to complement Gulliver. In May 1996, the system was in pilot phase, with a single self-service unit (SSU) in its headquarters building in Suffolk Street. Dublin Tourism intends to install three further machines, two in Dublin Airport and one in O'Connell Street by July 1996.

Functionality

The tourist can access tourist information by means of an SSU. The system contains information, including images, of accommodation and tourist attractions, theatres and travel company schedules. The tourist can choose any of these topics by touching the screen and is guided through the available information. The tourist can make room bookings for that night or any number of nights in the future and can choose from among different premises and room types. A picture of each premises can be displayed. The normal tourist information office booking fee of 10 per cent is deducted from the tourist's credit card and the tourist receives a booking confirmation form, which includes the booking reference number, a picture of the premises and directions on how to get there.

The accommodation provider can input availability of accommodation each day by phone. S/he is prompted on the phone by 'synthetic' voice for a unique personal identification number (PIN) and whether there is availability that evening for the various room types: s/he indicates 'yes' or 'no' by pressing the appropriate numbers on the phone. The accommodation provider can also alter the prices charged for that evening or from that evening onwards. The advantage to the accommodation provider of indicating availability each day is that her/his premises goes towards the top of the list of premises displayed to the tourist and the availability is shown also.

When a booking is requested by the tourist, the computer system makes an automatic phone call to the accommodation provider. Using 'synthetic' voice, it asks the accommodation provider for the PIN number and whether s/he can accept a booking for a certain number of rooms for certain nights at a certain price. S/he indicates 'yes' or 'no' using the appropriate numbers on the phone and the booking reference

number is supplied by synthetic voice. Even if the tourist does not show up, the accommodation provider is guaranteed payment for the first night.

Membership Costs

In addition to the usual RTO approval and membership fee, the accommodation provider pays a voluntary fee ranging from £35 to £200, depending on size, for inclusion in a Dublin Tourism full colour omnibus guide to Dublin. Inclusion in the SSU system is provided free of charge to these accommodation providers. Around 85 per cent of approved accommodation providers in Dublin have paid this voluntary fee.

The usual 10 per cent booking fee is collected by the tourist information office. The only equipment required by the accommodation provider is a touchphone. Larger premises, with a telephone switchboard, require that a direct line facility at the reservation desk be available to accept bookings.

Complementarity and Overlap with Gulliver

While the Dublin Tourism self-service system is designed to complement Gulliver, in terms of providing a range of customer services, the two systems are not linked. Information is loaded on the self-service system and bookings are made without reference to, or use of, the Gulliver system. In the future, accommodation providers in Dublin could allocate accommodation for sale both to the self-service system (using a touchphone) and to Gulliver (using Minitel or a PC).

The software developed for the SSUs can also be installed on a conventional PC and could therefore be operated within tourist information offices. This raises the possibility for the future of tourist information offices having a choice of methods for processing over-the-counter and telephone bookings for local accommodation, using either Gulliver or SSU software. However, Dublin Tourism has no plans to replace Gulliver in this way.

System Costs

Total capital cost, including equipment and software development, for the four planned SSUs is estimated at £52,500. Each additional SSU costs around £10,000 and each additional PC with the same functionality costs around £2,500, of which a once-off SSU software licence accounts for £1,500.

For SSU bookings, the tourist information office avoids the administrative costs associated with counter transactions and the Gulliver fee of £1.50 per transaction.