A Giant Step Forward

By Dr. Richard Kelley

Outrigger Enterprises Group is in the middle of a major technology system upgrade, which the Outrigger JDE Steering Committee describes in the accompanying article on this page. It is an essential undertaking for us as we expand the geographic scope of our operations across the Pacific and beyond. However, we should keep in mind that this giant step forward would not have been possible even a few years ago.

I hope the following stories from my recollections of our early ventures into the world of modern technology will put what we are doing now into perspective. As an ad from a few years ago might have put it, “We’ve come a long way, Baby!”

**How It Was:**

In the 1960s, while the Outrigger Waikiki, Outrigger East, Outrigger West and Outrigger Surf were under construction, computers were not yet part of the hospitality business. The computers that were in operation in those days – in other industries – were terribly expensive, took up huge amounts of space and sucked up unbelievable amounts of energy to simultaneously power and cool their thousands of vacuum tubes and other electronics.

We operated everything in our hotels manually and added a touch of experience plus a dash of good luck to keep our rooms full but not overbooked. Every morning, the night auditor would hand the Reservations Department a manually prepared spreadsheet showing the number of rooms that would be occupied for the next couple of weeks. Hard-working clerks would go over each future reservation card and add those occupied rooms to the spreadsheet. The totals told us whether or not to take bookings for each day over the coming weeks and months. It was slow, tedious, difficult and not really accurate enough for our needs.

**Cautiously Dipping A Toe Into Technology:**

In the early 1970s, with the Vietnam War at its peak, our hotels were sold out night after night due to pressure to accommodate a steady flow of U.S. troops coming to Honolulu from Southeast Asia to meet families and girlfriends under the military’s Rest and Recreation (R&R) program. I knew we had to improve the speed and accuracy of our occupancy projections and raise the efficiency of our harried reservations staff. I investigated a number of possibilities and talked to many people.

I had to do this quietly because our founder, my father Roy Kelley, had a strong bias against doing anything except in the old fashioned, manual way used since he and my mother Estelle had opened the Islander Hotel in 1947. “Computers? They’re the creation of the devil,” he often said with a vehemence that left no room for doubt or discussion.

One day, he called my office at the Outrigger Waikiki and spoke to my secretary, Ginny Forshay, a petite, quiet young lady. The conversation, with Roy raising his voice further and Ginny getting more nervous with each sentence, went something like this:

Roy: “Where’s Richard?”
Ginny: “He’s in the lobby.”
Roy: “What’s he doing?”
Ginny: “Talking to someone.”
Roy: “Who?”
Ginny: “A computer salesman.”
Roy: “Write this down and take it to Richard immediately.”

A few minutes later, a visibly shaken Ginny handed me a small, folded piece of paper. I opened it to find a two-word message from Roy – “COMPUTERS NO!”

Continued on page 2
A Giant Step Forward  
Continued from page 1

We got around Roy’s ban by not buying a computer but rather leasing a primitive Burroughs accounting machine that could accumulate numbers punched into cards similar to those developed by Herman Hollerith in the 1880s to tally data from the U. S. Census Bureau. By punching arrival and departure information onto the cards, we could quickly predict occupancies at our properties, then about 14 in number.

Accounting was later added with the help of a Teletype machine that transmitted batches of financial data to a remote computer service bureau.

“Computers, Dad? No, we don’t have any computers,” I could say with a straight face for many months.

Full Computerization:

Later, Roy finally relented and agreed that we could invest in computers that were specifically designed for operating a hotel. We selected a system manufactured in California by ECI Computers expressly for hotels and convention centers. I believe we were the first hotel company in Hawai’i to fully computerize reservations functions.

However, the ECI computers at that time had only limited capacity and could barely handle three or four small hotels. So, we installed multiple sets of the computers in a well-cooled, fireproof room behind the Main Showroom at the Outrigger Waikiki. Each computer had to be hard-wired to every terminal in the reservations office across the hall. With hundreds of wires going from room to room, it was like something out of a nightmare but, with careful supervision by Ann Harada, Laurie Hirata and many others, it worked beautifully for years.

As computers improved, we wrote our own Front Desk and Reservations software, which we named Stellex in honor of our co-founder, Estelle Kelley, who for so many years did all of our reservations work, booking forms and writing personalized notes and letters on a manual typewriter.

Beginning in 1988, financial data was fed to an IBM AS400 with JD Edwards World software. Now, almost a quarter of a century later, it is time to upgrade that system too as described by the Outrigger JDE Steering Committee on Page 1. In the not too distant future, all of our computer systems will be state-of-the art and the same in all of our properties across the Pacific Ocean and in Southeast Asia.

In my lifetime, I have seen our hotel information processing go from a single hand-cranked adding machine to a wireless network with hundreds of terminals scattered from Honolulu to Phuket, Thailand. My morning newspaper notes that Apple Computer sold 35 million iPhones in the first three months of this year, each one with far more computing power than any of our ECI computers. With those items in mind, just imagine for a moment what will happen during the life of my first great-granddaughter, Lilikoi, who recently celebrated her second birthday!

“You’ll go a long way, Baby!”

1 These properties are now called Outrigger Waikiki on the Beach, OHANA Waikiki East and OHANA Waikiki West. The Outrigger Surf has been converted into a condominium named The Ohia.