

How to Work Successfully with an Application Service Provider (ASP)

A Research paper on ASP Models, Drivers, Market Trends and a Case Study

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Padma Sreenivasan
HP/ESPD Senior Consultant
331 E Evelyn Av
MountainView, CA 94041

Phone: 650-694-2358
Padma_sreenivasan@hp.com

Ecard file: <https://ecardfile.com/id/PadmaRS>

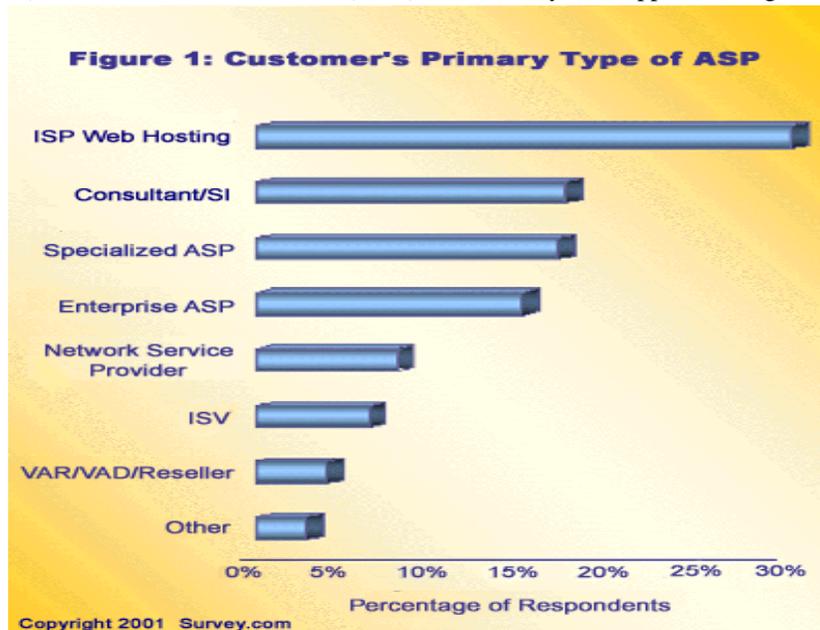
Introduction

A year ago, or even six months ago, if someone had predicted the golden age of ASP was over, no one would have believed it! Today, even those with a solid, viable business plan for a successful ASP model are famished for venture funding and the Angel rounds because of the volatile technology swings and the start-up juggernaut. Due to the downward spiral in Economy, predicting the market trends is not only very challenging but to be accurate is next to impossible. Only a few months ago, Survey.com reported, “the prospect of high growth in the application hosting market has attracted many entrants, from brand new start-ups to established IT vendors.” This reflects what Rita Terdiman, VP and R&D director of Gartner group said, “Over time, not tomorrow, the Fortune 1000 will use [ASPs]. Though this kind of IT outsourcing is still in its infancy, it will be attractive to an audience broader than the small and midsize organizations that have been ASPs' initial customers.” Many analysts believe the ASP world is in its nascent stage and it will go through a lot of growing pains. It is here to stay because the ASP concept is very innovative and enterprise-class software on the web is very attractive and profitable. Today, the challenge to the ASP model is not only security, network bandwidth, cost for hosting the applications etc. but also meeting the stringent requirements and getting the Angels and VC funding. “Application service providers are finding that thriving in the marketplace is a lot like the dramas being played out on the popular television show "Survivor." – Patricia Fusco on “Analysts Send Mixed Signals to ASPs.” Many of the VCs are “on a constant death watch, using a computerized cash tracker to monitor each start-ups’ dwindling finances.”[1] “In two years, analysts tell us, many of today's ASPs won't be around. Depending on who you choose to believe, anywhere between 40 percent and 80 percent will have folded and the industry will have consolidated to a small number of large players” - Paul Rubens, April 23, 2001, ASP Discussion Forum, Venture Capital: Who's Funding Who?

This article will outline the various ASP models, Market Trends, Drivers, Challenges, Benefits, and an implementation Case Study. Though some of the information is dated around 1999 and 2000 it is still pertinent to the topic under discussion. It will also point to other resources for more information.

Definition and Types of ASP

In a nutshell, an ASP delivers application and related services over a private or public network to their customers. HP has an “apps-on-taps” model delivered through a web portal along with an ‘always-on’ infrastructure for continuous, secure, reliable and rapid access to application. HP offers these through partnering with other service providers like UUNET, EXODUS, and PSInet etc. As I am writing this article I read about PSINet filing Chapter 11! There are many types of ASPs based on the ASP delivery models. To mention a few: those who provide the infrastructure (AIP), 24x7 continuous access through network (NSP), Wireless Service Providers (WSP) with security and support, management (MSP) and



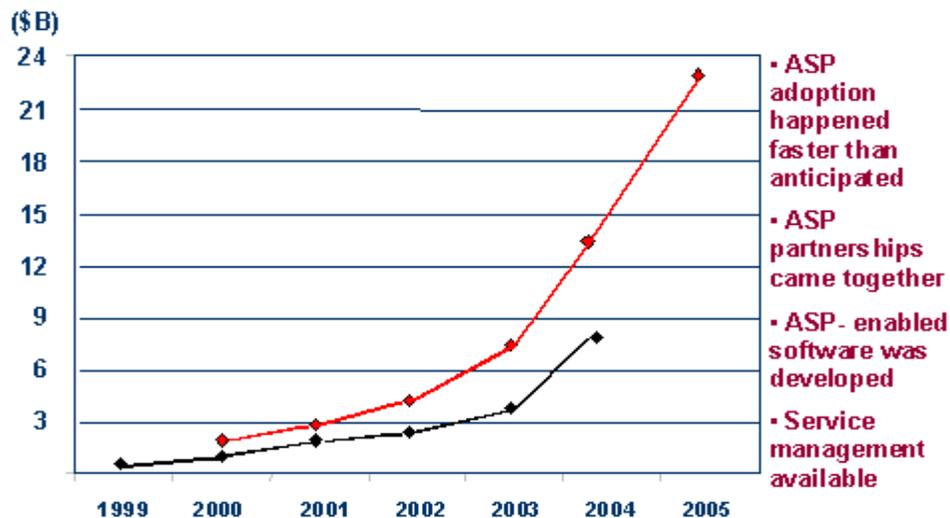
other consulting, full services (FSP), Independent Software Vendors (ISV), hardware focused VARs and DARS, and System Integrators (SI). An ISP is “a company that offers Internet access and related services to the general public in one or more geographic regions” as defined by the HP ISP primer. The Survey.com report above, points out the web hosting service is ahead of other services, although it is based on only one third of the audience surveyed. There are many prime-time players, like Business Services Providers (BSP) and Wireless or Web Service Providers (WSP), that have a niche in horizontal and vertical markets. “The ASP market in the US can be segmented (as defined by ASPnews.com) into the following categories: **Volume Business ASPs** provide pre-packaged application in volume to the general business market, typically targeting SMEs. **Enterprise ASPs** deliver a select range of high-end business applications supported by a degree of customization, configuration and servicing to the corporate market. **Vertical Market ASPs**: provide solutions tailored to the needs of specific industries, such as the healthcare or construction industry. **Specialist ASPs** provide applications that serve specific professional or business activities, such as Customer Relationship Management (CRM), Human Resources (HR) or web site services. **Local/Regional ASPs** deliver a range of application services and often the complete computing needs of smaller businesses to a specific geographic area” - Durlacher report on ASPs, <http://www.durlacher.com/registration/ASP.pdf>. The xSP landscape has grown to become Hosting Service Providers, Storage Service Providers, Data Center Service Providers, Management Service Providers, Commerce Service Providers, Business Service Providers, Integration Service Providers, Security Service Providers, Vertical Service Providers and Internet Integration Service Providers (IISP).

Current Market Trends

Even Alan Greenspan cannot fathom the market these days! The ebb and flow (more ebbing than flowing!) trend (market meltdown?) for the stock and bond markets have the VCs and other financiers worrying about their investment. The webmergers.com site reports that more than half the dot.coms that it reported earlier on went out of business just in March 2001 alone! San Jose Mercury News states, “Angel Investors losing faith. The dot-com bust has made funding harder to get, as VCs and other Investors become highly selective... Some Angels don’t lament the dropouts.” But still there is hope as a Gartner report says, “The Internet service market is headed toward \$34B in 2002...the most profitable part is in application hosting, system integration, and management services” - Gartner Group, Oct. 1998. The Yankee group predictions are, “Total ASP market \$11.1B by 2002, with App Hosting Front and Back Office market at \$3.5B and Web Hosting/Ecom market at \$7.6B”- Yankee Group 15Jul99. In spite of all the adversities, Forester Research believes, “over the next two years this market will shake out, and a new class of hosted solution will drive the application rental market to \$11.3B in 2003.” By the year 2005 IDC says the ASP market will reach \$23B!!

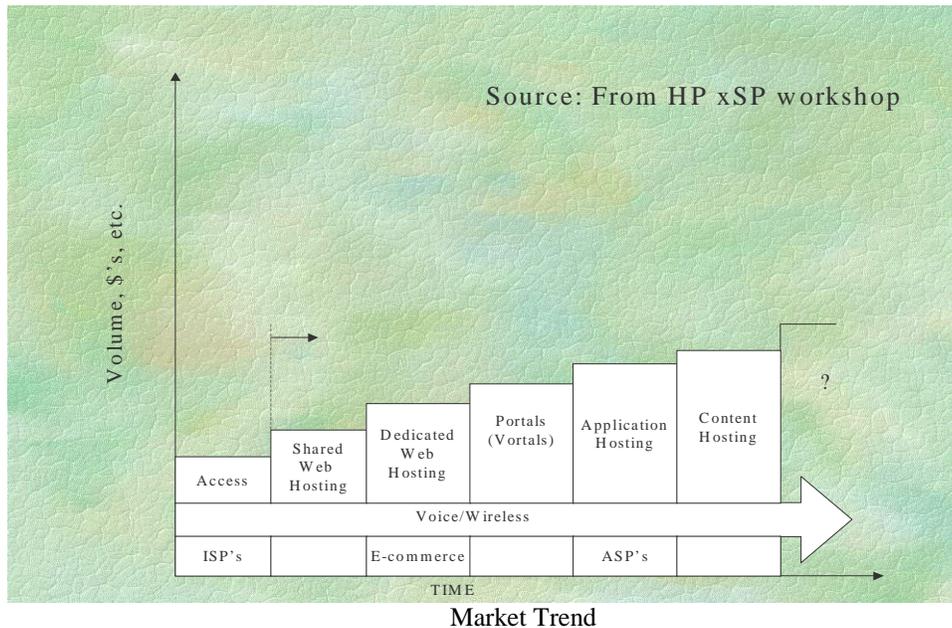


ASP Market Forecast



Source: IDC, 2000

The trend in Market dynamics will define new roles for ISVs. Many ERP and CRM vendors may move from Fortune 500 to the middle market via new sales distribution channels. The move to packaged apps to narrow the revenue gap by defining new technologies with supply chain management, logistics, and R&D seem to be the flavor-of-the-day. “Network Providers, Carriers and ISPs become service providers beyond pipes and leverage their network expertise and installed base of trained technical staff to capture the lion's share of the network management outsourcing opportunity.” – HP xSP workshop. The webmergers.com report indicates, “strategic ‘morphs’ will soon result in a rapid falloff in Internet shutdowns and the emergence of a new breed of leaner and more-focused Internet companies that will lead the sector to renewed growth and profitability.”



Internet Chapter 2 has enabled service providers to expand their horizon, revenue, market share, install base etc. into a cohesive, effective operation. Today, the ASP world is moving beyond the web to a new world “where a rich array of nimble, modular electronic services are accessible by virtually anyone and any device”. - HP xSP workshop [4]

The next generation of Internet enabled E-Services need to sense this changing market and need to adapt intelligently in a highly secure manner by offering many services through an easily accessible portal. HP is adopting such a model through Partnering with the Industries leading service providers, as stated before. “ISP infrastructure companies will provide these emerging value-added services while acting as ‘utility providers’, the electronic version of today’s utility power companies.” - HP xSP workshop. The plug & play utilities are the packages that many ASP delivery models will focus on to be more profitable and provide a “Total Customer Experience”. The picture above predicts how the ISPs of yesterday will grow to be the consolidated ASPs of tomorrow. Forrester Research says, “as companies go beyond simple call center and transportation application hosting to end-to-end logistics, this space will grow to \$4.2 billion in 2003, 37% of the overall applications hosting market.” The Meta Group Service Management Strategies analyze the trend for IT outsourcing to be “META Trend: By 2002, 70% of IT help desks will evolve to customer service centers responsible for consolidated problem, service, and information support. First-call resolution rates will increase to 85% (2003), facilitated by e-support adoption (e.g., automated support tools, knowledge deployment). By 2004, 60% of IT service centers will evolve to a customer advocacy role responsible for relationship management and service reporting portals. META Trend: During 2000/01, IT organizations will terminate/renege 75% of dysfunctional outsourcing relationships, followed by establishment of sourcing centers of excellence (2001-03) — incorporating all affected parties and priorities. Maturity in measuring the business impact of sourcing decisions will not occur until 2004”. (Source: Author: Michele Hundnall; File 940 18 Oct 2000.) A Gartner article reports, “Strategic Planning Assumptions: By 2005, ASPs with the best-positioned infrastructure will be those with applications

optimized for service delivery over extensively shared infrastructure, with low TCO, and with highly regimented processes and procedures (0.7 probability). By 2005, ASPs with the best-positioned infrastructure will be those that can meet enterprise-specific needs, provide robust, dedicated environments for real and perceived security, and provide flexible service offerings (0.3 probability)". Source "More than pipe, power and ping" - Gartner Symposium, ITExpo article.

The drivers behind the ASP model

There are two compelling forces behind the ASP foray: The cost of Information Technology (IT) resources and ever expanding/rapidly changing technology. The key idea behind the IT outsourcing model, is to keep the cost to a minimum. Due to the chip industry evolution, the technology is changing very rapidly, overnight as a matter of fact! Changing technology translates into modifying the infrastructure along with the cost associated with training, maintenance etc.. Not only the Enterprise Market, but the Consumer Market is also facing the same challenges due to the Industry evolution! Though it is mostly vendor driven, the end-user community has started to experience the benefits of the application hosting model. If we look at the various computing environment layers, like the hardware, different network models, operating systems, software, support, and other consulting services, each of the ASP types has a definite solution to offer backed by numerous businesses as well as technical drivers. For example, on the business side, some key drivers are total cost of ownership (TCO), faster time to market, and the global solution approach. Some of the technical drivers behind an ASP model are continuous availability and support to the application with ease of access, no system maintenance worries, technology fluctuations etc.. Cherry Tree research report looks at the drivers in three different categories: Value-added drivers, Outsourcing drivers, and Macroeconomic drivers as in the picture below:

Market Drivers for the ASP Model

VALUE-ADDED DRIVERS

- **Faster time-to-market**
- **No technology obsolescence**
- **Transfer application ownership**
- **Utilize "best-of-breed" applications**
- **Obtain technical expertise**

OUTSOURCING DRIVERS

- **IT staffing shortage**
- **Minimize up-front cost of ownership**
- **Predictable cash flows**
- **Improve internal efficiencies**

MACROECONOMIC DRIVERS

- **Increasing global competition**
- **Rapidly changing technology**
- **Level competitive playing field**

Source: Cherry Tree & Co. "2nd Generation ASPs"

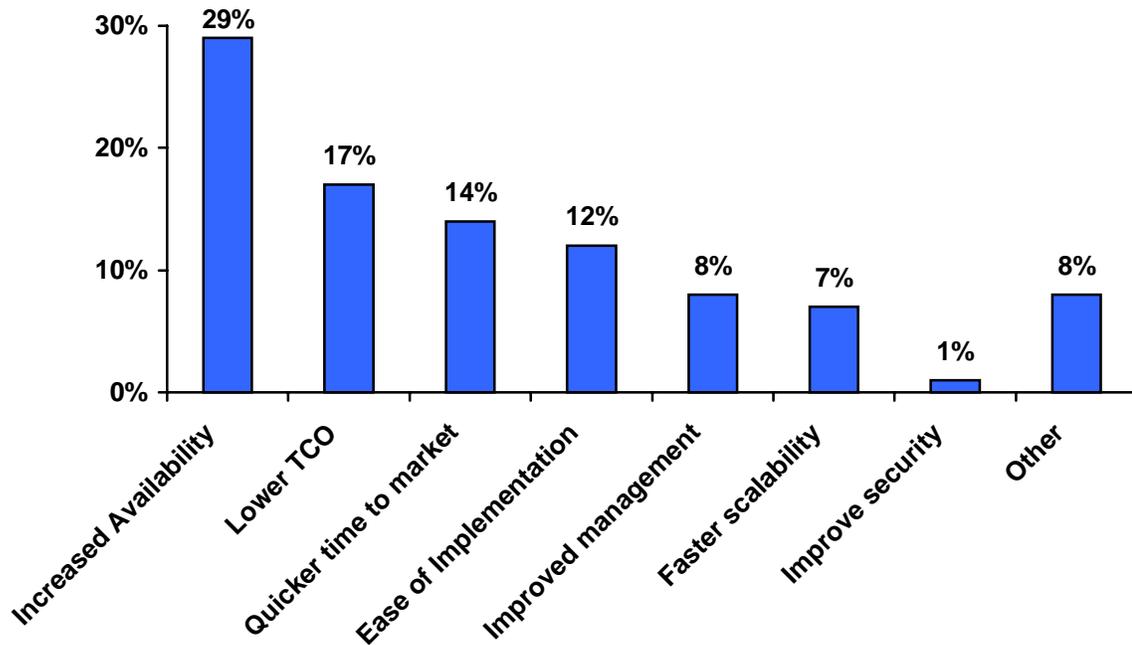
Given these challenges, one must be wondering why choose an ASP solution at all! Here is why:

The benefits to an ASP model

The ASP concept is very appealing to all kinds of businesses, especially to those with a smaller IT budget, and/or less customizing needs etc. Whether it is a Small-to-Medium Business (SMB) or an Enterprise, Corporate Global world, there are many benefits to a hosted application/service model:

- Easy access to application all the time, in a securely shared environment, is very conducive to further app development and testing
- Faster, reliable, robust web-enabled, browser-based application access
- Variety of functionality offered
- No hw/sw maintenance worries, like upgrades, backups, new technology implementation etc.
- 24x7 support
- Best-of-breed Application scalability, performance, security
- CEOs need not worry about technology and focus more on business
- Reduces the total cost of IT ownership through efficient use of IT resources. Gartner group report says an ASP solution can reduce the COO by 35% to 55% over the life of an application.
- IT flexibility along with High Availability
- One stop shopping in many cases, like FSPs
- Distributed or Centrally located data centers reduce the backend, especially the legacy systems nuances/services
- Many Management Service Providers (MSPs) soup to nuts approach protects the customers from learning new technology
- Faster Time-to-Market due to the implementation of enabling e-services technologies
- Efficient pooling of resources

The following Trish Seigel report confirms that the increased availability of application is the predominant



Source: Cahner In-Stat Group, 2000. Trish Seigel Business Innovation & Technology Services

cause for working with an ASP model. An ASP benefit is not only continuous access to the application but also all the associated IT resources bundled with the availability.

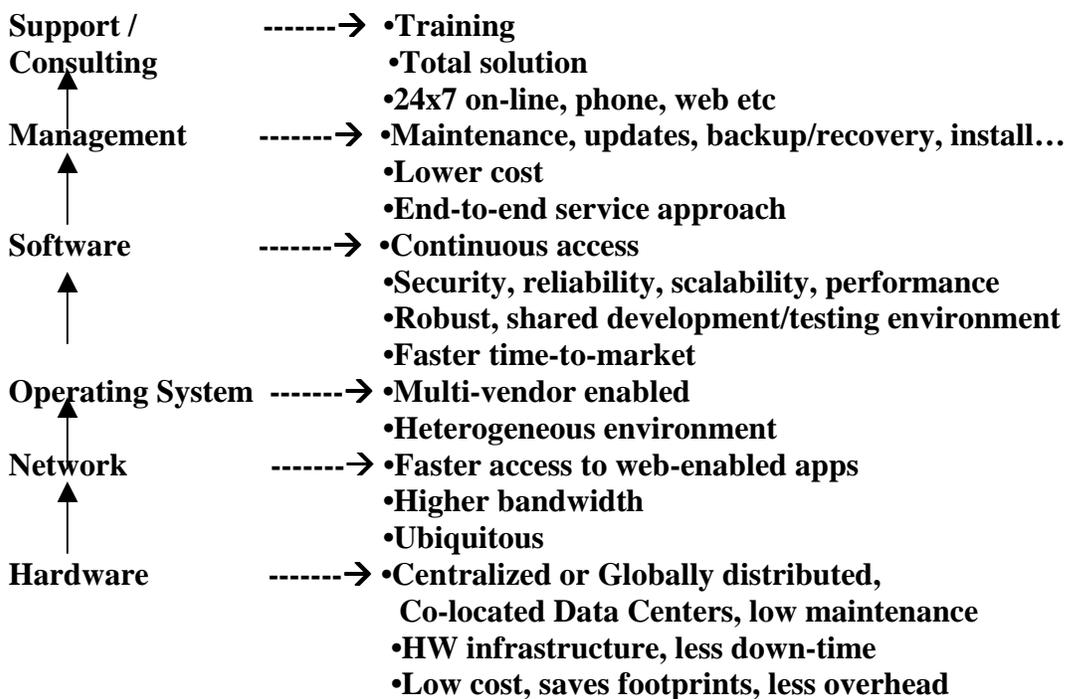
There are many **concerns** regarding the ASP model. For example,

- Losing control of the computing environment
- Speed and flexibility may not be up-to-par
- The quality of service
- Choosing the right ASP maybe difficult because of the disparity among the ASPs and the proprietary features

- Many application don't lend themselves to adopt the network-ready paradigm
- Cost related concerns; too much, not flexible structure
- May need to do integration of many services because of customization requirements
- Not knowing the ins and outs of the individual business may foster slow growth, less trustworthy relationships
- 24x7 support or continuous access to apps maybe expensive
- Other cost related concern over the years, due to the ASPs pricing strategies
- Security breaches
- Not enough network bandwidth
- Uncertain Economic trends
- Cultural and political issues

In spite of all these concerns, the value from an ASP model, in every layer below is extremely beneficial:

ASP Value Chain Layers



Given the benefits outweigh the concerns, one needs to select an ASP model that is most beneficial to their business objective and scope, with careful considerations.

Selecting an ASP model

Choosing an ASP model, requires tremendous efforts in researching and planning. One must do a cost analysis of:

- The current and future IT architecture.
- Determine what applications can be easily outsourced or rented from external resources and the associated cost. Buy vs. Build concepts weighed with cost and risk analysis considerations.

Researching the following items may save lots of time, money and headaches later:

- Hardware, Software requirements of current and future plans
- Data center (centralized or distributed globally) needs, foot prints and the associated cost structure
- Resource requirements for hw and/or sw maintenance, updates, installs, backup, recovery etc.
- Preferences in co-location services, geographical, cultural aspects of the services rendered

- Decide whether you want infrastructure services (FSP), Internet access (ISP), web-hosting services, data center providers for the Legacy application access, overall Management Services (MSP) etc.
- Evaluate each of the ASP services with the requirements at hand. ASP history, background, industry focus, market share, competitors, partners, quality of services offered along with Service Level Agreements (SLAs), application features and functionality, support etc.
- Compare the various ASP services available in the market

By focusing on the following 5 key areas:

- 1. Data Center architecture,**
- 2. Cost/Pricing model,**
- 3. Service Level Agreements (SLA),**
- 4. HW/SW architecture,**
- 5. Management/Support/Consulting architecture**

one can select a suitable ASP model that offers the best-in-class solution, well aligned with the scope and business objectives. By probing through the solutions/services and /or product offerings, one cannot go wrong! Some of the questions to ask on these focused areas are:

1. Data Center Architecture:

- Co-locations? Web-based, fully managed hosting?
- Foot print per vendor in a multi-vendor co-location?
- Adequate power supplies? Generators/UPS for emergency??
- Globally distributed, regional or centralized/local?
- Control over the application environment, partial or whole app delivery model?
- Security for the various vendor applications
- Continuous access to application
- High Availability and Reliability, scalability, performance offerings
- Network infrastructure, high bandwidth for video, graphics, text etc.?
- What kind of Legacy data access
- Backup and disaster recovery, and other maintenance strategies

2. Cost/pricing model:

- Initial setup costs and/or periodic payments? Weigh the trade-offs.
- Some times it is easier to build than buy. Hidden costs?
- Any financial plan offered?
- Price/Performance model?
- User based, transaction based, connections/usage time based models?
- Bundled/package services pricing model?
- Bundled pricing includes unnecessary services/structures?

Some ASPs, due to the complexities of the application offerings, charge high initial cost but offer a sliding scale pricing for the next few years of the contract. Currently the ASP industries gross margin estimates are around 30% to 45% according to a Cherry Tree & Co report based on the metrics like, sw licenses, data center and network infrastructure, ongoing support, total revenue and target gross margins.

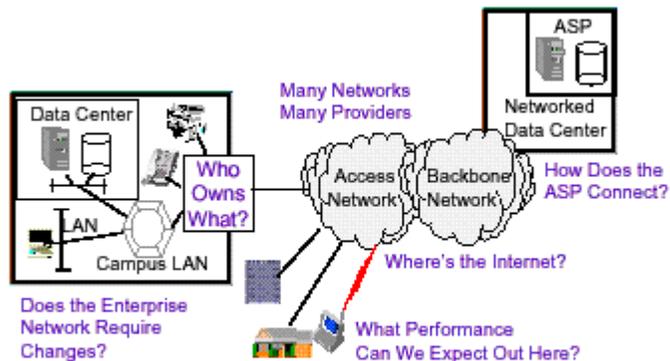
3. Service Level Agreements (SLA):

- Validity of the contract? Number of years
- Quality of service levels offered defined in the contract?
- What kind of support services is defined? For how long?
- Guaranteed level of resources access, availability, performance etc.?
- What kind of escape clause defined for all the parties concerned?
- Any financial penalties, remedies defined if either party does not meet SLA?
- Who is policing or making sure the whole contract is honored?
- How is satisfaction mutually understood and measured? Procedures implemented?
- Any other long term/short term business (trustworthy) relationship/goals defined?

- Process defined in case of mergers, acquisition, and hostile-take-over?
- Management/Support/Consulting Services:
- 24x7 support by phone, web, on-site, dedicated person assigned etc.?
- Any System Integration projects?
- No ambiguity in the ownership of any Intellectual property and other customized app?

Rule of thumb: look for “customer based and not component based SLAs”. The following Gartner picture depicts SLAs in a nutshell:

ASP Networks: Can an SLA Really Stick?



Gartner

Source: Gartner Research

4. HW/SW Architectures:

- Graphical User Interface (GUI) access to app?
- SW stack model? Client tiers, functionality tiers, data tiers?
- Mission critical application environment available?
- Multi-tiered application supported? Any focused tiers?
- Real-time application architecture? Wireless App support?
- Technologies like CORBA, JAVA, XML... used?
- Multi vendor, heterogeneous operations/setup?
- Maintenance, upgrades, installation services?
- Technology fluctuations impact?
- Technically competent employees? Attrition rate?

5. Management/Support/Consulting:

- Training for end-users, system administrators and other knowledge transfer?
- Customization offered? Professional services capabilities offered?
- Any other value added services offered to differentiate them from their competitors?
- Worldwide or globally supported models available?
- Mission critical application support?
- Securely partitioned, multi-vendor, heterogeneous application services offered?
- Establishment history, references, culture of the organization?

The Meta Group outlook for Service Management Outsourcing Landscape is that most of the MSPs will adopt a full service centric (FSPs) model: “IT organizations are evolving service centers (e.g., help desks) into ‘full service’ customer service centers. Concomitantly, outsourcing vendors are expanding capabilities, improving integration with asset management and ERP/customer relationship management applications and

treating overall customer service processes as solution rather than commodity services”. - Source: Author: Michele Hundnall; File 940 18 Oct 2000.

Another approach in selecting an ASP is to look at the business model below in deciding who is offering the best robust services with less confusion about the market niche they are trying to establish, in each of the necessary layers. There are many ASPs who offer the soup-to-nuts model, providing end-to-end solutions like HP. Exodus and PSI-net provide data center/Infrastructure services. Many ISVs offer hosting services from their internal sites at a tremendous cost savings. An example is SBC global. Some ISPs and other telecom market players naturally extend their web-based services into a hosting model. Many ASPs partner with industry’s leading service providers and/or product vendors to offer a portfolio of services. BlueTie, Inc. a startup internet company partnering with HP IT, caters to SMBs in “communication, collaboration, information management, productivity and enterprise application” through its ‘SmartClick’ product. USInet partnering with PeopleSoft, Lawson, BroadVision, Microsoft and an application hosting partner like Actuate, offers enterprise hosting of complete services. Exodus Communications and UUNET offer co-locating infrastructure services. The ASP Industry Consortium offers an ASPire Awards program based on best-in-class “Delivery, Enablement, Integration, and Management Operations”. - ASP Industry Consortium ASPire Award web site: http://www.aspindustry.org/aspire_finalists.cfm

ASP Hosting Model

Management Services	Vertical Apps	<ul style="list-style-type: none"> •Finance •Health Care •Insurance 	Internet Services
	Specialized Apps	<ul style="list-style-type: none"> •ERP, SFA •SMS, Mobile and WAP Svcs. 	
	DB-based Apps	<ul style="list-style-type: none"> •HR, Billing, Supply Chain, CRM •Contact Management, Customer Care •Data Warehousing, Business Intelligence 	
	Business Apps	<ul style="list-style-type: none"> •Email, News, Calendaring •Web Commerce •Complex Collaboration 	
	Web Hosting	<ul style="list-style-type: none"> •DNS Domains •Web Pages, JAVA Svrlet, Pages •XML docs 	
	Web Access	<ul style="list-style-type: none"> •Continuous, secure Web Access 	
Infrastructure Services		<ul style="list-style-type: none"> •Many Types of Data Center Space •Network OpS, VPN, •Reliability, Security, Disaster-Recovery •Backup, Network Storage 	<ul style="list-style-type: none"> •Network, Bandwidth Management •Service, User Provisioning and Management •Billing Interfaces, E-Commerce Infrastructure •Resource Management, Service Management

Where is HP with the ASP model?

In order to reach a wider customer base to provide a total solution, HP partners with the leading, best-in-class Service Providers in the market. HP recently announced the Service Provider Program (SPP) based on a “sell-with” model, selling portfolio of solutions as in the above diagram, “ASP Hosting Model”. HP offers many key enablers for a one-stop shopping:

Application Hosting - HP offers Key Enablers: One stop shopping

<p><u>Financing:</u></p> <ul style="list-style-type: none">▪ Shared risk financing▪ Pay-as-you-go value add solutions▪ Leasing▪ Warrants▪ Revenue Sharing▪ Equity <p><u>ISV Relationships:</u></p> <ul style="list-style-type: none">▪ ESPD▪ CSPP Program <p><u>Marketing:</u></p> <ul style="list-style-type: none">▪ Co-marketing▪ Co-branding advertising, seminars▪ Marketing Center▪ Trade Shows	<p><u>Leading Technology:</u></p> <ul style="list-style-type: none">• Quality, reliability and security - 5 nines 5 mins• Early access to new technologies• Information Utility• Infrastructure• HW, SW, Consulting <p><u>Sales and Channels:</u></p> <ul style="list-style-type: none">• Access to enterprise customers and channels• Enterprise solution training for Service Providers• Support
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“Service providers are critical to HP's short-term and long-term business ... They are the foundation for today's enterprise computing infrastructure, and a strategic delivery mechanism for HP hardware, software, and services. As well, they are critical to HP's vision of service-centric computing. ... enables service providers to generate demand for their offerings, better manage their operations, and enhance their IT infrastructures. Using HP's direct and indirect channels, the program creates a formal "sell with" sales model that enables service providers to bring their hosting, broadband, and mobile services to market. ... Elements of the program include co-selling and incentive programs, co-marketing, and end-to-end solution qualification to enhance quality of service and customer experience. The overall program also leverages numerous HP assets, including HP Operations, Consulting, and Support; HP OpenView solutions for Integrated Service Management (ISM); and HP's Always-On Internet Infrastructure (AOII) initiative..” – HP announcement from the SPP web site: http://spp.corp.hp.com/spp/spp_admin_webb_memo.htm

Now that we have an understanding of who, what and how of an ASP world, we can apply the knowledge we gained to a case study below:

A Case Study

The Computer News (April 01) has the HP and BlueTie, Inc. case study. The BlueTie “SimpleClick” technology caters to SMBs in communication, collaboration, information management, productivity and enterprise application through a suite of Internet Services. HP provided the Infrastructure Services. [7] There are many case studies available at the web site: http://www.aspindustry.org/aspire_finalists.cfm. It is

a table where the columns are Case Study, Challenge and Solution. For example, the case study about Resonate has:

Case Study	Challenge	Solution
Resonate: Winner - Management & Operations	ASP needed an efficient way to manage and maintain the large data center it uses to host client applications.	A scalable solution that enabled them to maximize service levels, manage service delivery with minimal human intervention, and utilize the technical infrastructure more efficiently

Source: The ASP Industry Consortium's ASPire Awards Program

Our case study here involves An FSP model:

An XYZ company offers to the consumer world a product that will block selected TV programs from children. This startup company has a solid business plan and even a second round funding from one of the Sand Hill drive (Palo Alto, California) VCs. Currently the company has released that product.

Business Problem:

- No elaborate testing facility
- No infrastructure to deploy
- No technology to deliver to mass audience (number of household units)
- Small staff to train the household audience
- Limited budget for marketing

What they needed/looking for in an ASP:

- Reliable, Highly Available, robust Hw
- Network infrastructure for high speed, high bandwidth video, audio channels delivery structure
- Security for various offerings to consumers
- A bigger extended staff to train the consumers
- Reliable support model
- A lab environment to do extensive testing, tuning...
- An end-to-end, total solution provider
- Ease of deployment. Globally in the near future
- Low cost offering
- Quality of service
- SLAs
- Co-locators
- Consulting services like system integration and other customization
- 24x7x365 Support
- Long term relationship

How they selected the ASP:

- Did a sophisticated research about the leading service providers currently in the market
- The historical background information about this leader (here to stay and not gone tomorrow!)
- Compared the checklist of wants above with these leading vendors
- Visited these vendors site for references about co-locators
- Co-locators offerings for cost (footprint/\$\$), security, availability, performance etc.
- Trial ran their sw (product) on the hw infrastructure
- Used the hw, nw infrastructure for elaborate testing of their sw
- Looked at the SLA with the escape clause built in
- Many face-to-face meetings to understand their culture, political and other industrial strength

When they eventually selected this vendor who offered them a FULL SERVICE ASP model, with end-to-end security, WebQos, Management service, reliable hw, support and a partnership with a co-locator they couldn't have been happier with!

Conclusion

The ubiquitous Internet and distributed, collaborative (co-operation among the different components of an application) network-based computing models have made the ASP market a very profitable venture even though the ASP world is currently facing growth pains. Unlike the old outsourced one-to-one model, the ASP market offers one-to-many application services. In spite of the complexities involved in selecting and implementing a model, the advantages of an ASP model as shown by the ASP report below are extremely

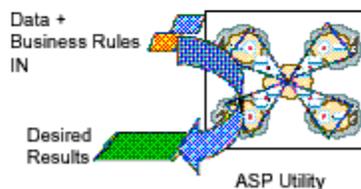
ASP/Shrink-Wrapped Software Timeline		
Step	Shrink-Wrapped Model	ASP Model
1) Develop and build a consensus on strategy	3-6 months	2-6 weeks
2) Evaluate possible software packages	3-6 months	1-2 weeks
3) Select and acquire appropriate applications	1-2 months	1 week
4) Roll out and test the new software	3-6 months	4-8 weeks
5) Go live and convert to a stable operating environment	2-4 months	4-8 weeks
Total time:	1-2 years	3-6 months

Source: Collaborative Strategies LLC, in e-Business Advisor, March 2000

valuable in saving time (and hence cost, time-to-market etc.),. The Gartner Group envisions the ASPs of the future need to provide more along the lines of "utility" or "Packaged", plug & play units that will enable secure access to applications anywhere, anytime through any device model:

The Future ASP Infrastructure

- | | |
|--|--|
| <p>2000:</p> <ul style="list-style-type: none"> • Re-purposed enterprise applications • Thin-client Internet architectures • 1980s data center environments • Networks only provide transport • Data is bound to application • Business process absent or standardized | <p>2005:</p> <ul style="list-style-type: none"> • Service-optimized applications • Inflatable clients • E-switching network and server architectures • Appliances provide standard growth • Data and business process are the unit of work into the ASP machine |
|--|--|



Gartner

Source: Gartner Research

Hopefully this article provides guidelines for such a venture.

Glossary

ASP	Application Service Provider
DAR	Distributed Area Reseller
ESP	Enterprise Service Provider
FSP	Full Service Provider
ISV	Independent Software Vendor
MSP	Management Service Provider
NSP	Network Service Provider
SMB	Small-to-Medium Business
TCO	Total Cost of Ownership
VAR	Value Added Reseller
XSP	eXtended Services Provider
WAP	Wireless Application Protocol
WSP	Wireless Service Provider

Resources:

1. <http://esp.cup.hp.com:2000/nav24/ext/tumbu/xspweb/xspweb.htm>
2. <http://www.allaboutasp.org>
3. <http://www.asp.com/>
4. <http://www.aspnews.com>
5. <http://www.emarketer.com/ereports/asp/charts.html>
6. <http://www.aspisland.com>
7. <http://www.ispbf.org/>
8. <http://www.webharbor.com/>
9. <http://www.cherrytreeco.com>
10. <http://www.idc.com/>
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