



ASP Explained

The end of IT as we know IT?

Do you ever wonder why IT people can't put things in plain English? You're not alone. In the case of ASP, this is not a term that has aided understanding of what is potentially a revolution in the way we buy and deploy computer Systems.

Let's begin by looking at what an Application Service Provider (ASP) does. An ASP offers access to computer systems on a subscription basis. Most commonly, the customer accesses the application via a web browser over the Internet. The customer's data, as well as the application, are hosted and managed by the ASP who takes care of security back-ups and provides support services for the application.

Software as a service

The essence of the ASP model is to provide "software as a service". This is a re-invention of the computer bureau services of the 60's, but with a big difference - customers are on-line and have full control of the application. So is this a revolution or just more Internet hype?

To see where the IT sector might be going, we can draw a parallel trend in the truck and lorry industry. At first sight, nothing could be more obviously a product than a 50-tonne truck. To survive in such a competitive market, the product has become increasingly sophisticated - everything from high customisation of the truck itself to warranty and servicing options, financing deals and even residual value guarantees of the truck's worth when it is time to replace it. What truck customers are now seeking is a predictable cost per mile, and this is pushing the industry towards an all costs-included service model.



Could the IT industry undergo a similar transition from product purchase to service rental based on usage? For this to happen, potential customers and ASP's will need to better understand the IT equivalent of the 'cost per mile'. How many of us, I wonder, know our IT costs for processing an order or producing an invoice? Perhaps this explains why many ASP's have kept to conventional user-based pricing for the time being.

Why use an ASP?

Implicit in controlling costs is reducing risk - a key benefit of using an ASP. The IT industry is notoriously high risk. Investing in the right computers, right applications, getting competent staff to manage them - the pitfalls can be endless. Using an ASP there is no capital investment in centralised computers, no in-house support is required and you only pay for what you actively use. As the business expands and your use increases it is the ASP's headache to scale-up applications and IT infrastructure. An added bonus is that since access is via the Internet, opening up systems access to remote offices, home workers, customers, suppliers, dealers and so on is relatively straightforward.

What's holding everyone back?

So if it is such a great idea, why isn't everyone doing it? To answer this, we need to look at three main issues - concern over the Internet, integrating other applications and confusion in the marketplace.

Initial concerns about using the Internet are diminishing as business use becomes more commonplace. Advances in safeguarding security and in the provision of affordable high-speed access have largely overcome previous technological limitations.

The sharing of data and inter-working with existing applications are problems likely to take longer to address. Although new technology can provide potential benefit, here too, customers must rely on the facilities offered by their ASP and these may not be compatible with their own systems or those of other ASP's.



Lastly, ASP's have suffered from too much Internet hype. Many start-ups have called themselves ASP's with the idea of offering hosting services for someone else's application - a distinct lack of the A in their SP! Not surprisingly, a number of these types of businesses have failed, giving the false impression that the ASP model is unsound.

Where does that leave us today and tomorrow?

The most popular ASP applications today are those that are standalone and need little integration with back-office systems. The best of these are designed for the Internet and are highly configurable so that they can be tailored to individual requirements. Our own ASP offering, offices2go.co.uk is a service centre application that can easily be customised, right down to having separate language options for each person logging on to the system.

As technology advances we will see a new generation of applications built specifically for ASP use. These will utilise new techniques to readily share data and operate seamlessly with each other. Well, that's the vision! The reality may be that some types of application are better kept in house and others rented from an ASP. In fact this is the pattern that we see with our clients. Small companies are tending to use ASP's for specialist they could not otherwise afford. Larger companies are using ASP's for tactical reasons, such as the ability to immediately deploy them to meet sudden business demands.

In summary, ASP's are unlikely to turn IT on its head, but do bring a valuable alternative to conventional procurement. It is our belief that predictions stating one third of all UK companies will be using an ASP within three years are credible. Those most adept in using IT to hone their competitive edge will undoubtedly lead the way.



Alphabet Soup

A recent survey reveals that many IT managers are as confused as the rest of us by computer jargon. Not one of the respondents to the survey, conducted by Hewlett Packard, knew what an xSP was. So here's your chance to get ahead of the supposed IT experts!

ASP

Application Service Provider A supplier providing access to computer applications (software), usually via the Internet, on a subscription or rental basis. The ASP hosts and manages the customer's data as well as the application.

ISP

Internet Service Provider. A supplier of Internet 'infrastructure' services e.g. connection to the Internet, web site hosting, domain registration and e-mail account.

xSP

Any Service Provider. A supplier of many types of service e.g. hosting, storage, data centre, security, management services. Most commonly applied to an ISP offering additional services that go beyond basic provision.