

Application Service Providers

What they are and what they can do

One of the problems facing SMEs is maintaining and updating the software on your PCs. Traditionally, this has been supplied on CDs and one of your staff has to install new or upgraded software and fix faults. This can be very time-consuming and may require expertise that is not readily available in the average small business. Equally, the maintenance and safekeeping of data on PCs or servers is crucial but is time-consuming and can be overlooked. However, a new approach is becoming possible as faster, always-on connections to the public networks become more common.

Application Service Providers provide software and data storage for businesses from a central location away from your site and the user's PC connects to this whenever it needs to use the software or data. This removes the problems of maintaining and upgrading software. It also means that data can be more easily accessible to a wider range of legitimate users in a range of locations and can be backed-up and stored securely by the ASP, thus removing another task from your company.

For this to work, there has to be a high speed connection between your site (and your off-site staff) and the ASP, and the ASP has to guarantee that the service is reliable and will be available almost 100% of the time, e.g. 99.999% of working hours. The user needs to be sure that their PC can gain access to and use the software and data whenever it is needed.

The ASP market is currently fairly small but is one that is growing. Major players such as Microsoft and Sun are moving away from the "software on a CD" approach towards the ASP model and the most significant barrier to wider adoption of this is the lack of high-speed communication networks.

Advantages and Disadvantages

The principal advantage of working with an ASP is that it means you no longer need to manage your applications software or back up your data. However, it can also provide you with rapid access to the latest technology available for running your business, without having to continually monitor relevant IT developments. The risks associated with introducing new applications or migrating to new versions of software are considerably reduced because the ASP has the resources to install and test new software thoroughly before rolling it out to customers.

An ASP can be an attractive solution for a rapidly growing business because its applications are designed to be scaleable and can be rapidly extended to new employees or even new sites. ASPs may also be of interest to companies where data security is a critical issue.

An ASP should offer your business reduced and more predictable IT costs, together with much greater flexibility in how it uses that technology. This may be particularly valuable if your company is not itself part of the IT sector but is strongly reliant on the latest technology to maintain its competitive advantage.

In many ways ASPs would appear to be an ideal solution for the smaller business, especially one that is too small to have its own in-house experts on Information and Communications Technology. Unfortunately, although ASPs claim to offer services that meet the needs of all sizes of business, some of their offerings are better suited to larger (500+) businesses, spread over several sites. However, increasing numbers are now offering service packages covering as few as 10 workstations.

A more serious problem is that high speed, always-on links are needed from your sites to the computing centre where the ASP runs the applications and stores your data. The absence of public network based connections (such as ADSL) in many remote or rural areas may mean that leased lines have to be used to connect up to ASPs. The extra cost of doing this may offset the other attractions of using an ASP.

Finally you should recognise that, by using an ASP, you are handing over responsibility for managing services and data, which are critical to the effective operation of your company, to a third party. You should therefore choose an ASP at least as carefully as you choose a lawyer or accountant.

Key messages for SMEs

- ASPs can remove the problems of managing software and data.
- The usefulness of this is severely limited by current communications links.
- Your business can be damaged by a poor choice of ASP.

What to buy

You can now outsource almost any application to an ASP. These range from basic e-mail services through to complex applications for enterprise resource planning, customer relationship management or human resource management. Proprietary accounting and e-commerce applications are also available, as are a number of office productivity suites and tools for supporting distributed teams.

Formerly known as the ASP Industry Consortium (ASPIC), CompTIA's Software Services Group is a global advocacy group promoting the service provider community through education, best practices and the development of common definitions for the industry. Its website at www.comptia.org/sections/ssg/faq.asp offers a variety of information about ASPs.

It is not possible to quote examples of costs for ASPs since the range of services they offer varies so widely. For examples of the kind of services available commercially, you could look at BT's Ignite service on www.ignite.com/uk/products/applications_management_hosting.html or Microsoft's Great Plains business solutions website <http://www.greatplains.com/services/applicationhosting.asp>. Alternatively you could use a website such as <http://www.aspstreet.com/directory/> to identify local ASPs or suppliers of specific applications.

When looking at whether or not to use an ASP, you will need to take into account the availability and cost of the high-speed links needed to connect to this service. The briefings on communications technologies such as ADSL, satellite and leased lines can give you some guidance on this.

Questions to ask suppliers

- How long have you been operating as an ASP and do you have any customers in a similar line of business to our own?
- Can you support any applications that we choose or do you only offer a set of standard packages?
- Are your systems sufficiently scalable to support our plans for growth?
- Will you provide all the services needed to deliver our application(s) or will we have to dedicate staff to supporting your solution?
- Who owns our data once it is in your data centre and what rights do we have to move or copy it?
- How secure is your data centre and what happens in the event of a disaster that destroys data?
- What levels of service and customer support are specified in your Service Level Agreement?
- Will we need to purchase additional software or hardware?
- What is the total cost of having you host and deliver our application(s)?