



e-business

ASP

ENABLE YOUR BUSINESS





e-business

Agenda

- Defining ASP
- ASP Market: Is it **Hype** or **Real** ?
- Why is ASP happening ?
- Software Vendors Transformation



IBM®



e-business

ASP definition

Hosts and delivers applications and related value-added services to customers over public and semipublic networks





e-business

ASP definition

Hosts and delivers applications and related value-added services to customers over public and semipublic networks

" The new application service provider (ASP) model, offers outsourced access to mission critical applications on a subscription basis over the Internet or via a dedicated line"

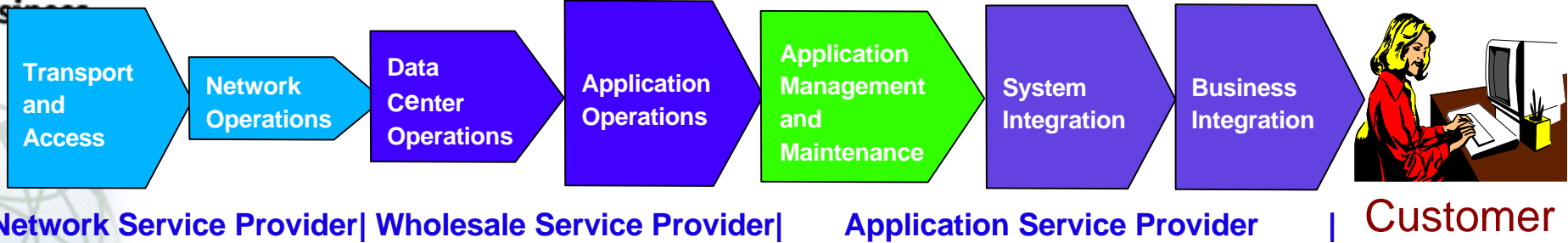
IDC, June 1999





e-business

What is the Application Service Provider Value Chain?



SP Segments and Service Areas

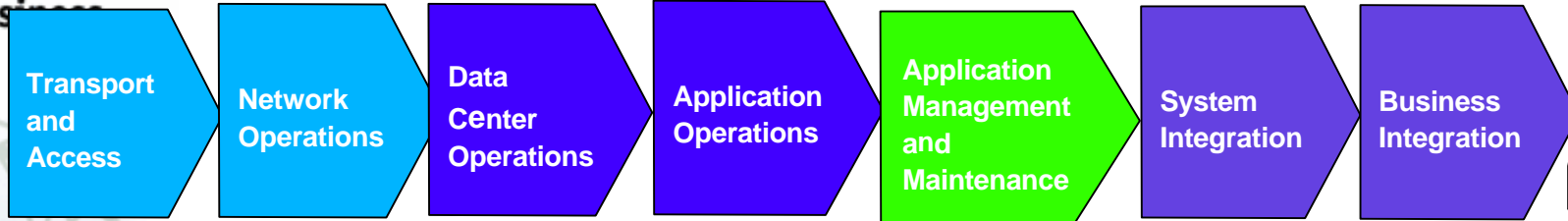
The Service Provider value chain has 3 distinct segments that cover 7 areas of service. Each service area can be provided by different companies. More than likely all the service areas can be found in only 3 or 4 companies. As the above diagram shows the 3 segments are Network Service Provider (NSP), Wholesale Service Provider (WSP) and Application Service Provider (ASP).





e-business

What is the Application Service Provider Value Chain?



|Network Service Provider| Wholesale Service Provider| Application Service Provider | Customer

Network Service Provider (NSP)

Transport and Access

The transport and access of the NSP is typically Internet connectivity providers such as AT&T, Sprint, MCI/Worldcom, GTE and others, providing fiber/copper to a facility.

Network Operations

The network operations of the NSP is typically found in a company that provides the facility with the Internet access and all the infrastructure, this includes routers, firewalls, redundant power, and cages for server hosting. Example Exodus and Qwest.



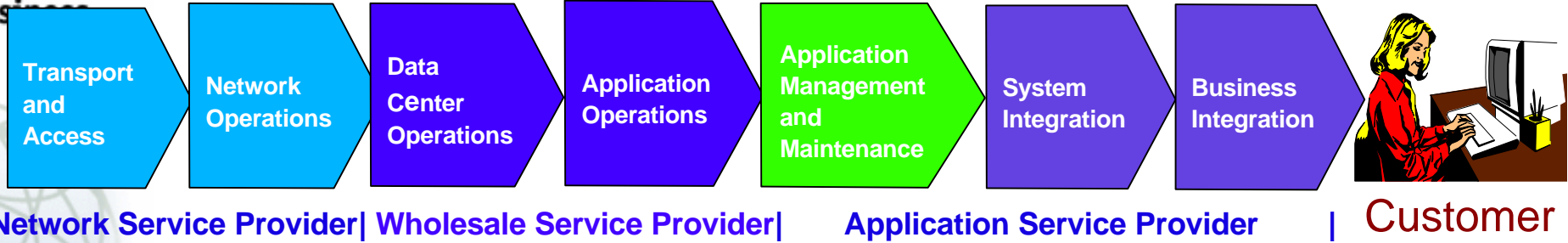
The NSP will use more than one transport and access service to ensure high availability for their customers.

Network Service Provider (NSP)



e-business

What is the Application Service Provider Value Chain?



Wholesale Service Provider (WSP)

Data Center Operations

The data center operations of a WSP is a service that manages and maintains the operating system, security software, database and other system software. The DC operations also conducts OS upgrades, applies OS fixes, backup and recovery and software loading. The DC operations also can provide capacity planning and disaster recovery strategies.

Application Operations

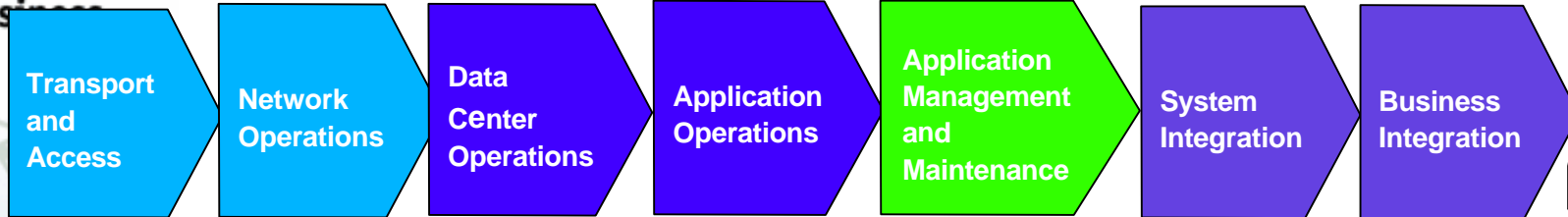
The application operations of a WSP is the operation of the application to ensure the application of is performing as planned and applies any fixes or updates required.





e-business

What is the Application Service Provider Value Chain?



|Network Service Provider| Wholesale Service Provider| Application Service Provider | Customer

Application Service Provider (ASP)

Application Management and Maintenance

The application management and maintenance of an ASP includes the development of the application and creation of any application fixes to be applied by the WSP.

System Integration

The system integration of an ASP is the application integration with complimentary offerings, such as mail, workflow, BI, wireless or other applications.

Business Integration

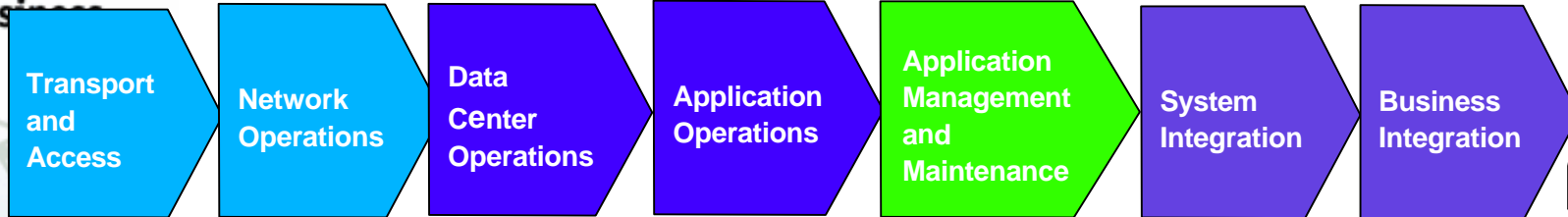
The business integration of an ASP is the sales, support, billing of the business solution and associated IT support to the customer.





e-business

What is the Application Service Provider Value Chain?



|Network Service Provider| Wholesale Service Provider| Application Service Provider | Customer

The Challenge for the ISV.... (BP, Channel, Solution Provider)

is to bring together the partnership resources required for a seamless, reliable e-solution for customers

... and deliver the ASP computing model to the Customer!



Components of the ASP Solution



e-business



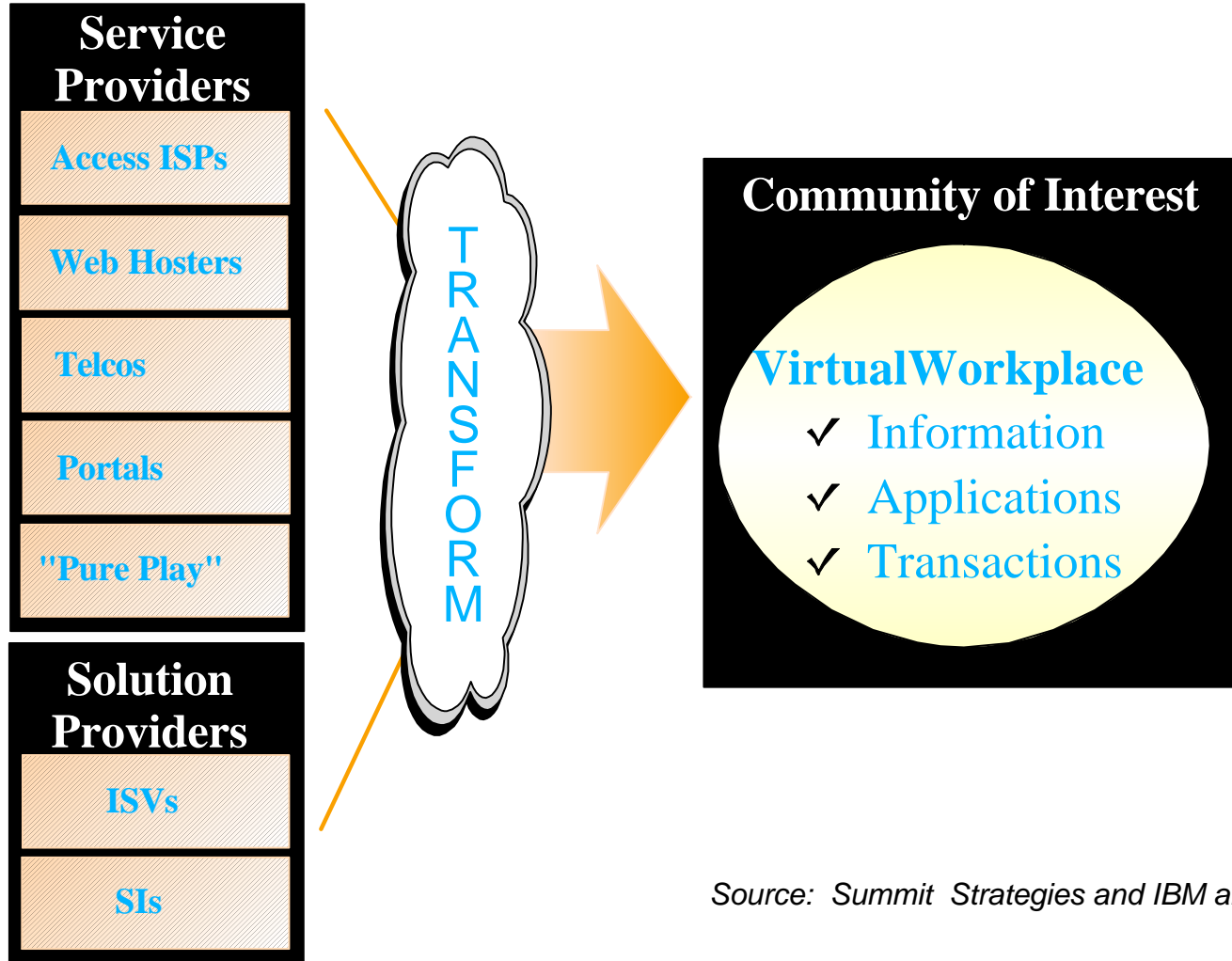
Problem resolution	User help desk	Administrative help desk	Consulting	Solution expertise	Industry expertise
			Industry expertise		
			Customization, integration		
			Applications and expertise		
			OS, database, middleware		
			Server hardware		
			Network infrastructure		
			Data-center facilities		

Source: Summit Strategies, Inc.
www.summitstrat.com



e-business

Converging towards a virtual workplace



Source: Summit Strategies and IBM analysis



e-business

Agenda

- Defining AS
- ASP Market: Is it *Hype* or *Real* ?
- Why is ASP happening ?
- Software Vendors Transformation





e-business

Evolution of Computing

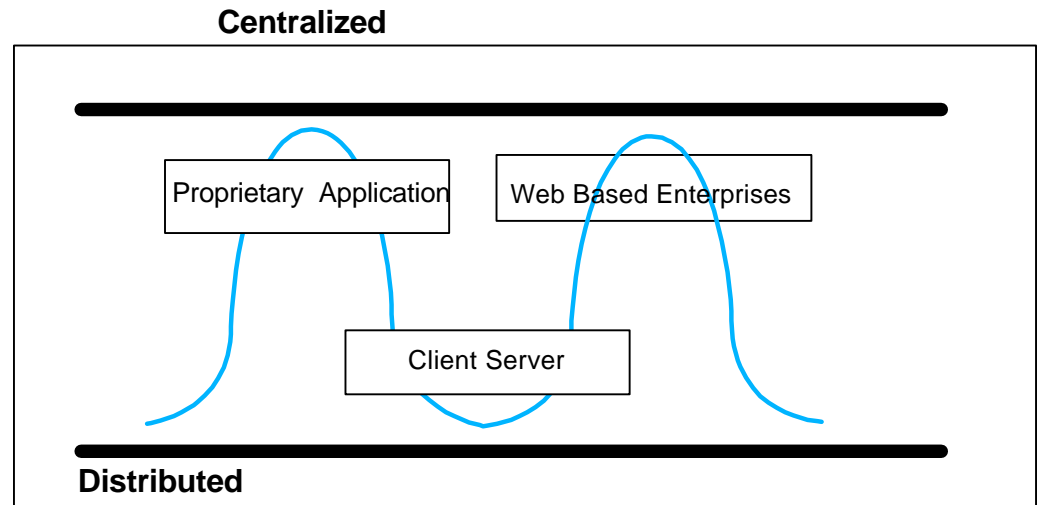
Today, businesses are increasingly looking for Internet-based solution providers to host and manage enterprise applications which perform critical business functions and reduce total costs of ownership.

70's - 80's: In-house proprietary applications deployed on mainframes provide companies with costly solutions reserved for large enterprises. Even timesharing!!

80's- 90's: Client/Server package solutions offer best practice processes to a wider audience, but require extended deployment periods and increased implementation and maintenance costs.

2000 . . . : Outsourced Internet-based package solutions provide lower capital costs and predictable total costs of ownership...

**Application
Service
Provider**

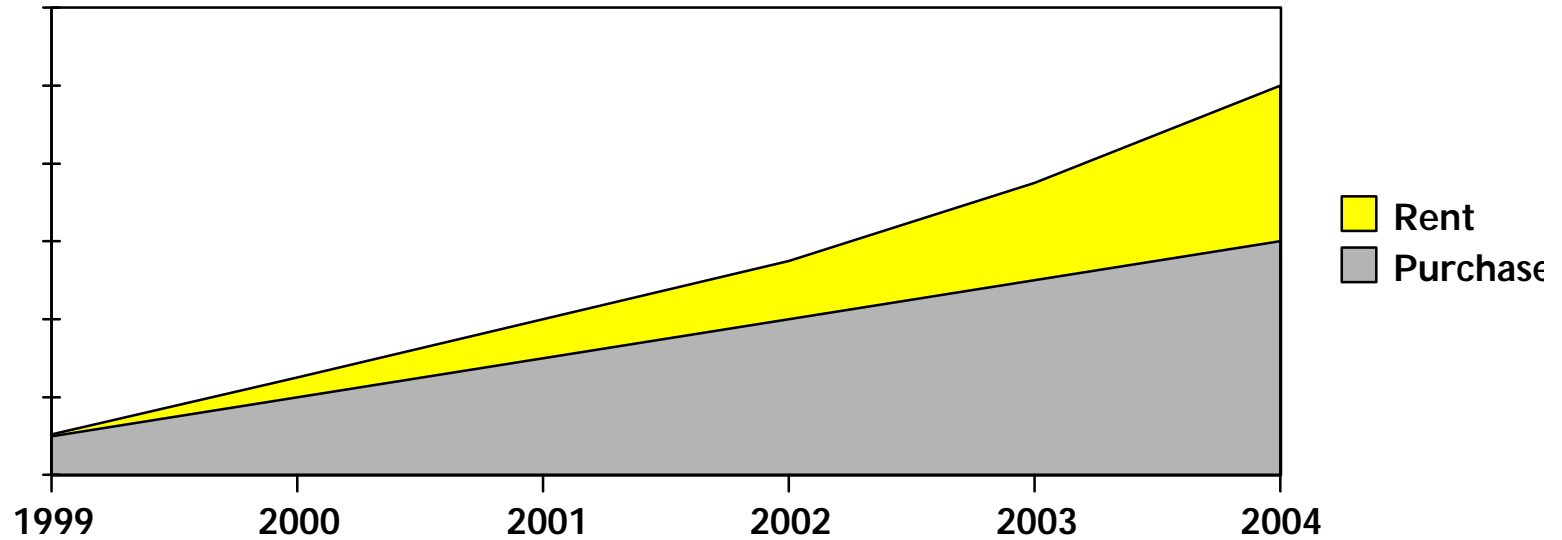




e-business

A products-to-services transition

"Rented applications" will become a significant share of total revenue



There will be significant growth in use of MIPS, and thus revenue, from the "rentable application" market. This portends a general shift in the market from a **buy to lease financial model** for the entire solution delivery value chain.

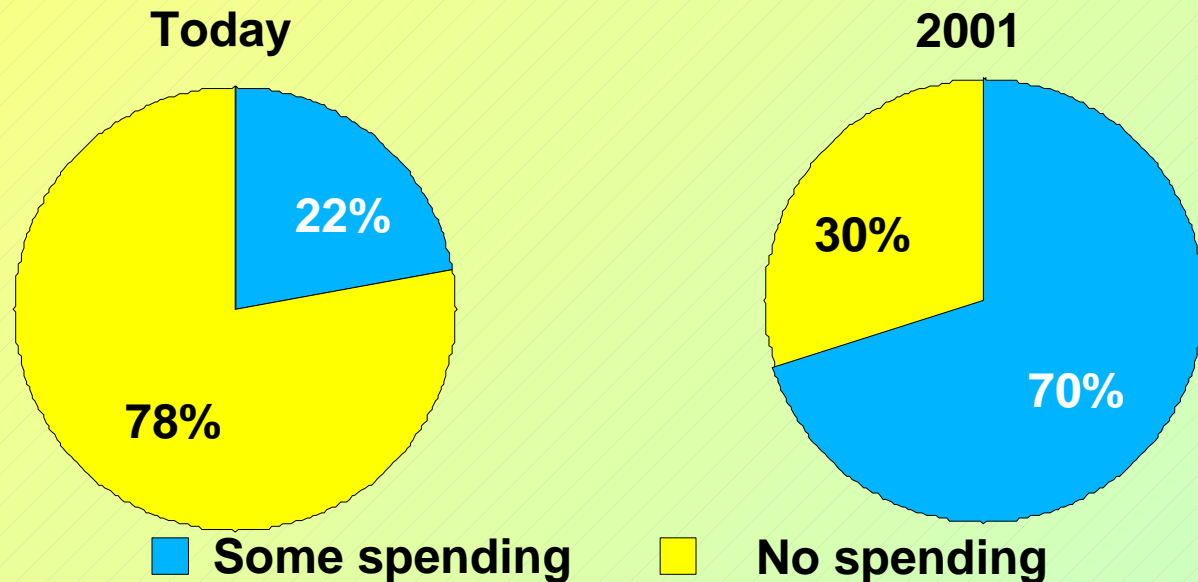




e-business

An ASP market outlook

Spending as a percent of IT budgets on rentable apps



Source: Gartner Group 1999

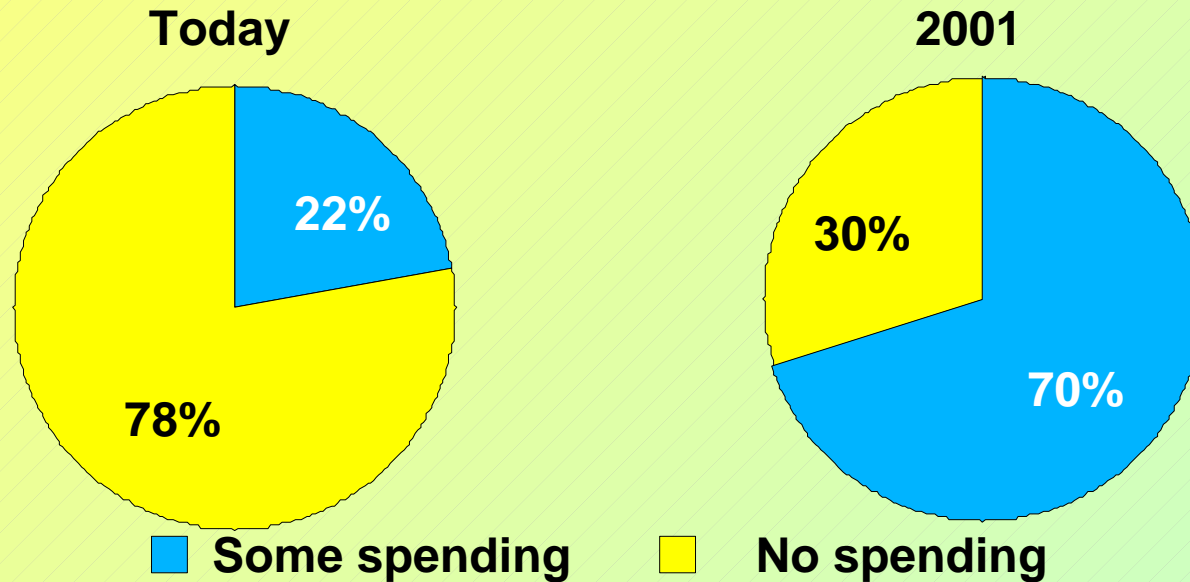




e-business

An ASP market outlook

Spending as a percent of IT budgets on rentable apps



Source: Gartner Group 1999

*Giga Information Group estimates by 2004, **10% of all business** process-related applications used by large companies will be hosted by ASPs while the **SMB market may obtain 75%** of their applications that way*





e-business

The Opportunity

■ Three broad market segments:

- Small businesses - simpler applications, templates, and minimal customization
- Medium businesses - complex applications require professional services for design, implementation and systems integration
- Large businesses - niche application at first, expanding to B2B very quickly





e-business

Agenda

- Defining ASP
- ASP Market: Is it ***Hype*** or ***Real*** ?
- Why is ASP happening ?
- Software Vendors Transformation



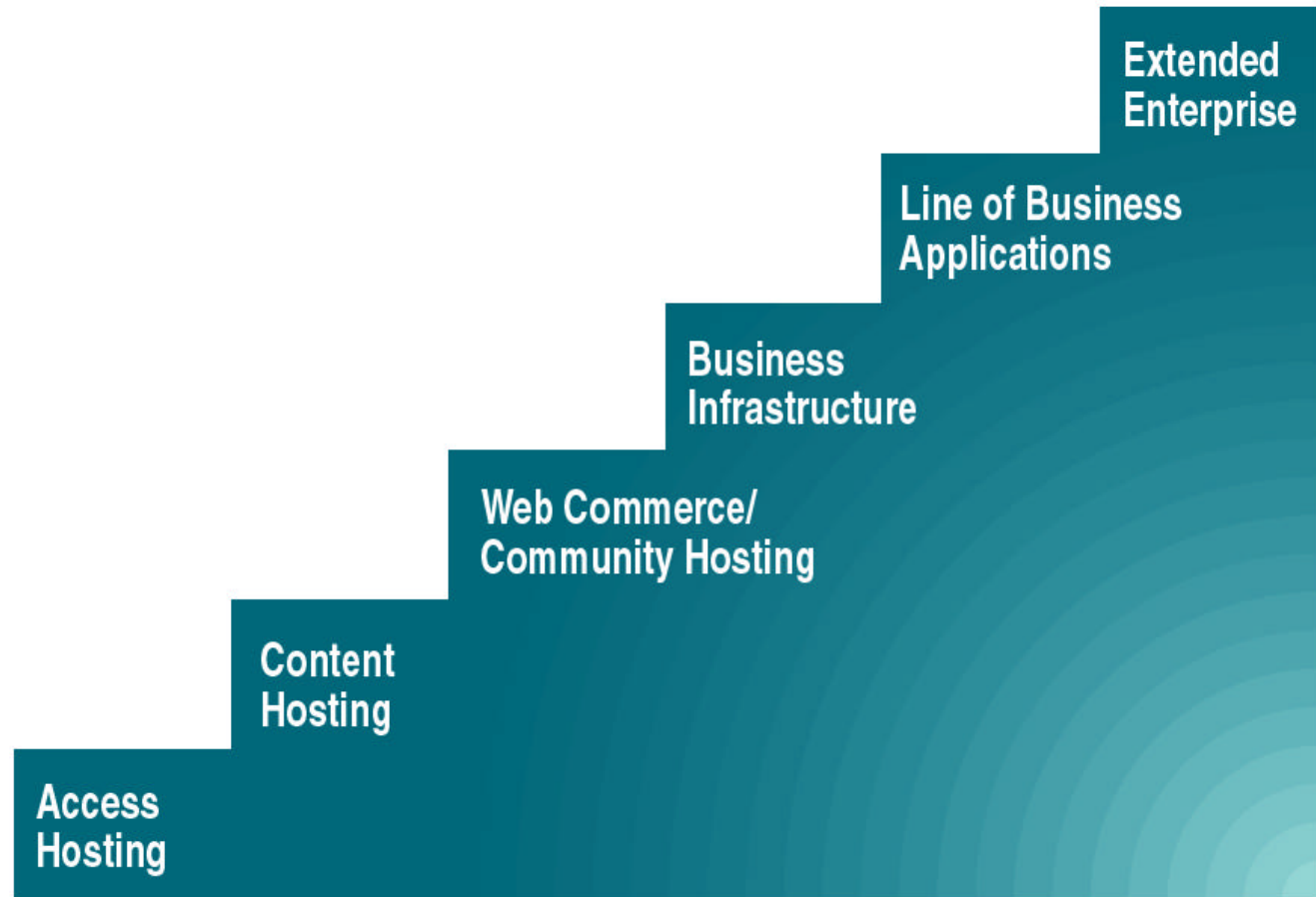
The Internet-Hosted Solution Hierarchy



e-business



Applications hosting is another step in the natural evolution up the Internet hosting ladder.



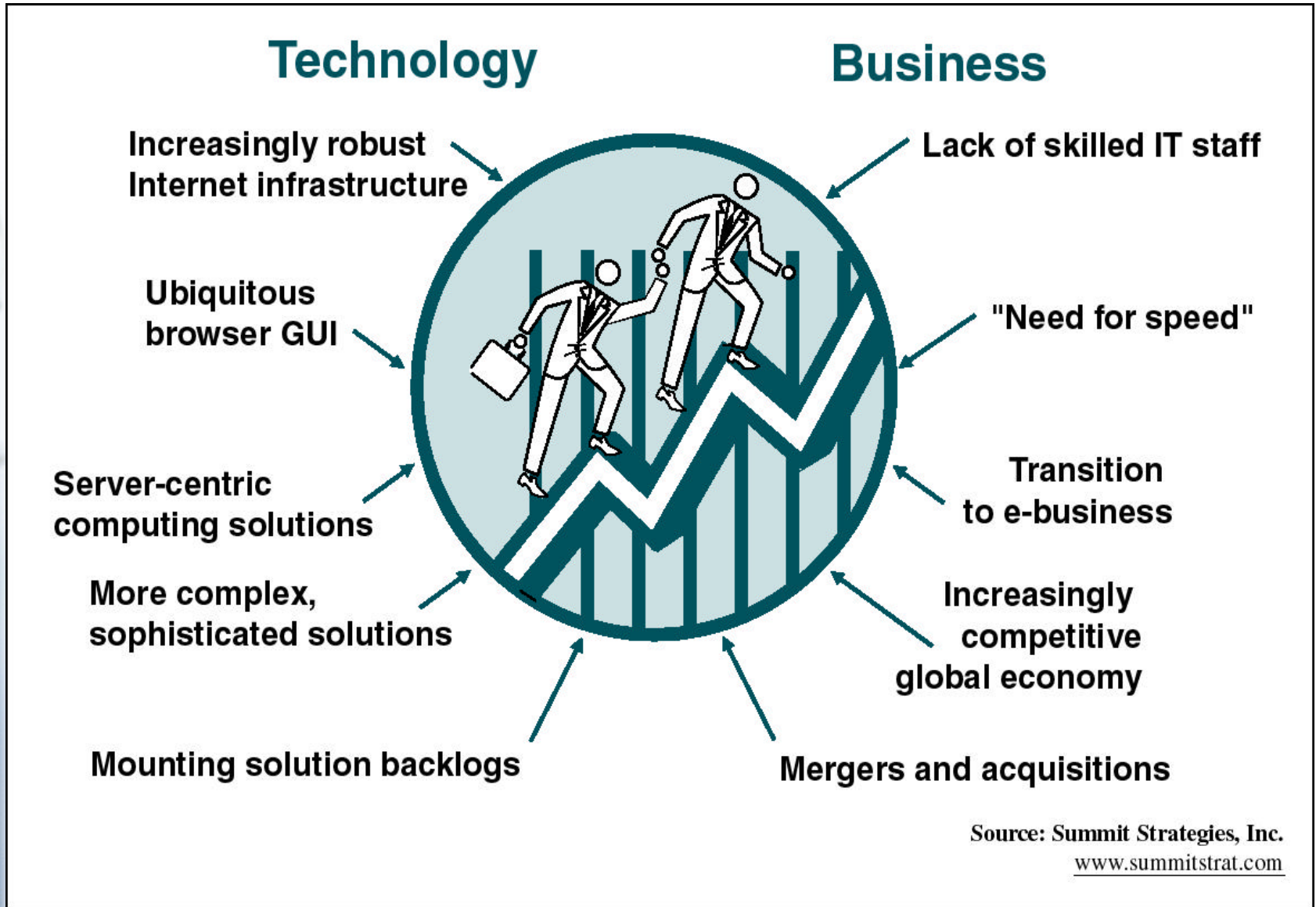
Source: Summit Strategies, Inc.

www.summitstrat.com



e-business

Driving the Trend Toward Hosted Solutions



Source: Summit Strategies, Inc.
www.summitstrat.com





e-business

The timing is right

- Necessary infrastructure prerequisites are falling into place
- All companies, including SMBs, need to become e-businesses
- Skilled IT professionals are scarce
- Solution-deployment backlogs are mounting
- "Need for speed" is critical in the Internet economy
- The Internet and ubiquitous, browser-based user interfaces are paving the way for companies to create extended enterprises and virtual corporations
- Natural evolution from web-hosting services leads to ASP





e-business

The ASP decision



Motivators	Inhibitors	Buying Criteria
<ul style="list-style-type: none">◆ Speed to Benefit◆ Cost Reduction◆ Simplicity◆ Flexibility◆ Scale-ability◆ Skills Access◆ Focus on Core Business	<ul style="list-style-type: none">◆ Data Security◆ Control◆ Reliability◆ Existing Infrastructure	<ul style="list-style-type: none">◆ Technical Competencies & Skills◆ Delivery Capability◆ Security◆ Reliability◆ Integration◆ Price◆ References◆ Relationships



Demand Drivers for Application Hosting Services

Importance of Various Goals in Renting/Outsourcing Applications*

Base: Current Hosters, Planners, and Interested

- Faster deployment of applications
- Focus on core business competencies
- Improved Customer Service
- Improved Application Availability
- Offload hard-to-manage functions
- Reduce costs for IT administration
- Gain access to world-class IT expertise
- Improved Application Performance
- Reduce your company's time to market
- Improved security of IT resources
- Reduce technology-related risks
- Reduce development/deployment costs
- Faster reengineering of non-core systems

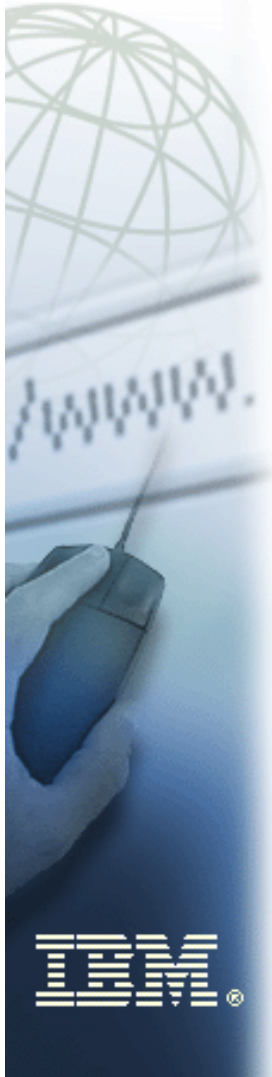
*Ranking of
Importance was
not significantly
effected by size
of company.*



e-business

Customer Questions

- Why should I use an ASP, I have a great IT department?
- This must cost my company more money then if we do ourselves?
- How do I pick an ASP?
- What happens to my security, reliability?
- What kind of pricing should I expect?
- Can one ASP fit all my needs?
- Is this a threat to me?





Issues Companies are facing that support the ASP computing model?

- How fast is your company growing and is IT keeping up?
- Are you faced with Hardware/Software/Network upgrades?
- Do initial capital costs, implementation time, support and staffing prevent your IT from doing what needs to be done?
- Is technology moving too fast for your company to adjust?
- Difficult to predicate what you will need next?

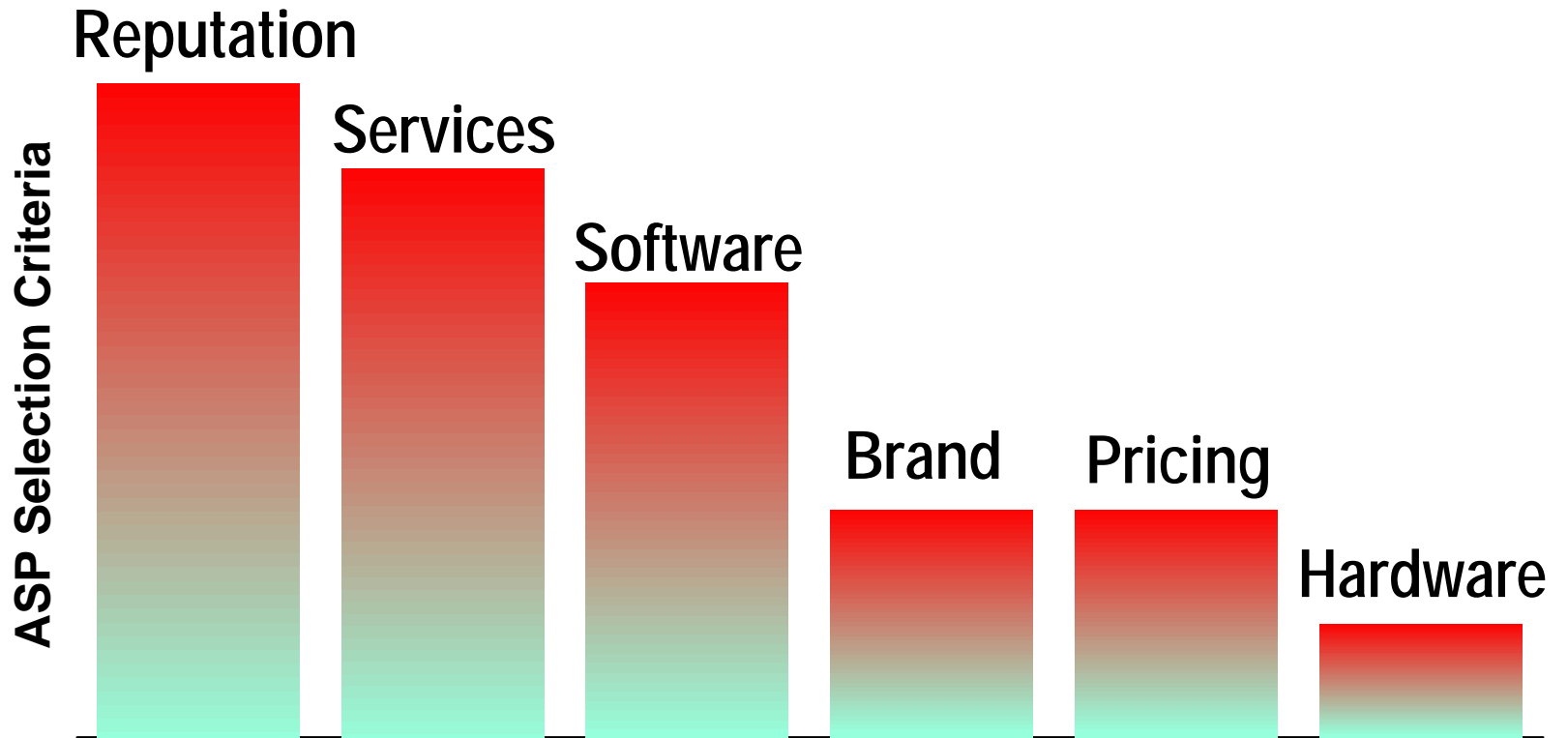
At the end of the day, what business are you in?





e-business

ASP Selection Criteria



Source: Wohl Associates (12/99)



Agenda



e-business

- Defining ASP

- ASP Market: Is it ***Hype*** or ***Real*** ?

- Why is ASP happening ?

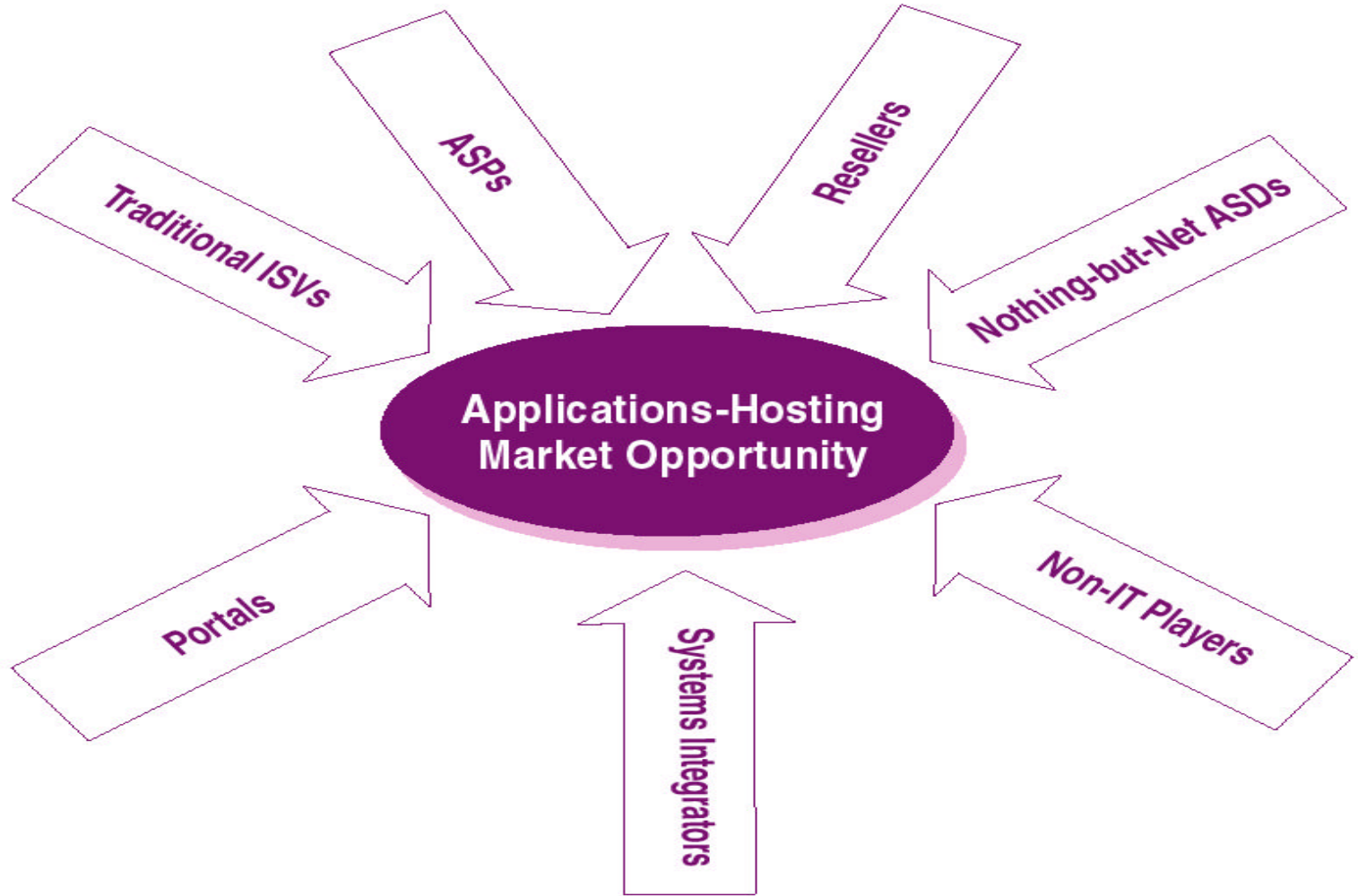
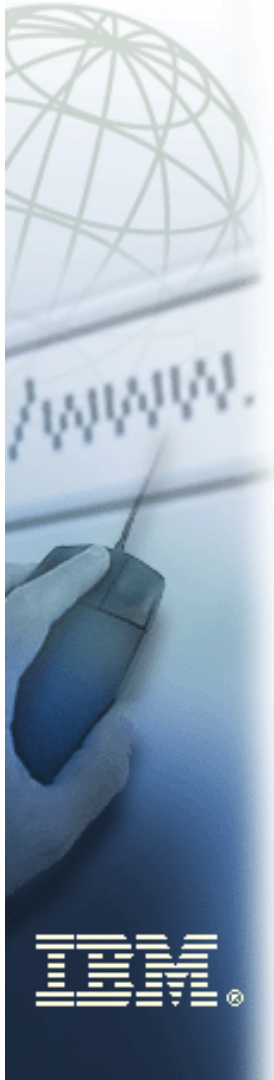
- Software Vendors Transformation





e-business

New Service-Centric Model Means New Opportunities...and New Challenges and Competition



Source: Summit Strategies, Inc.
www.summitstrat.com



Why do Software Vendors want to do this?

- Provide Service in addition to Selling software.
- Create a stronger alliance with their customers.
- Provide expanded partnerships for a more complete solution.
- Significant improvement in Customer support and satisfaction with an ongoing relationship.

A Win - Win Proposition!!!

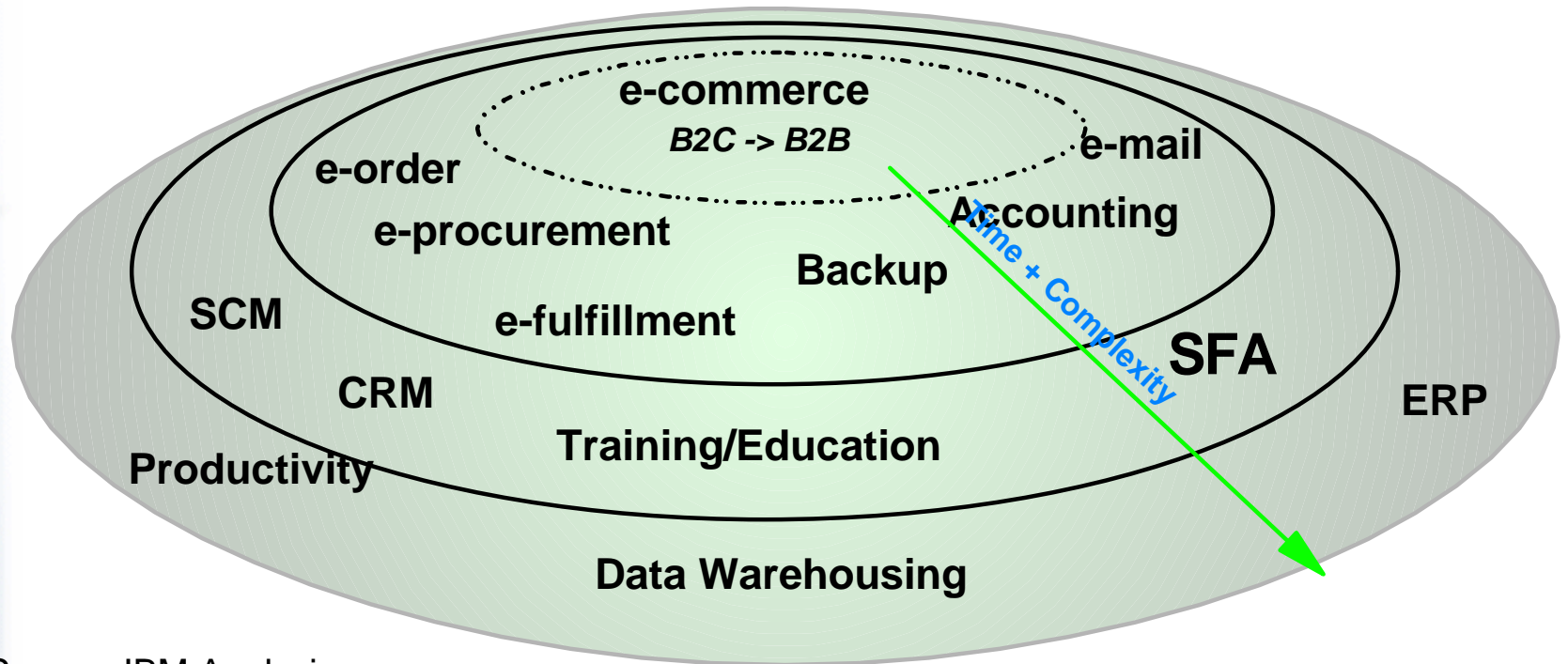


Many ASPs are establishing an e-commerce base for early revenue then building out full business process capabilities



e-business

Application Adoption Patterns



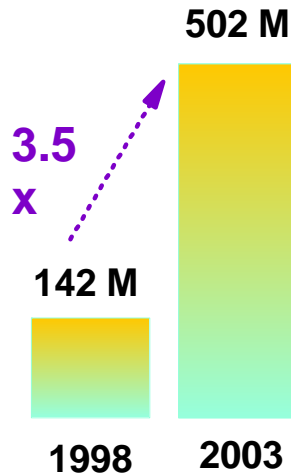
Source: IBM Analysis





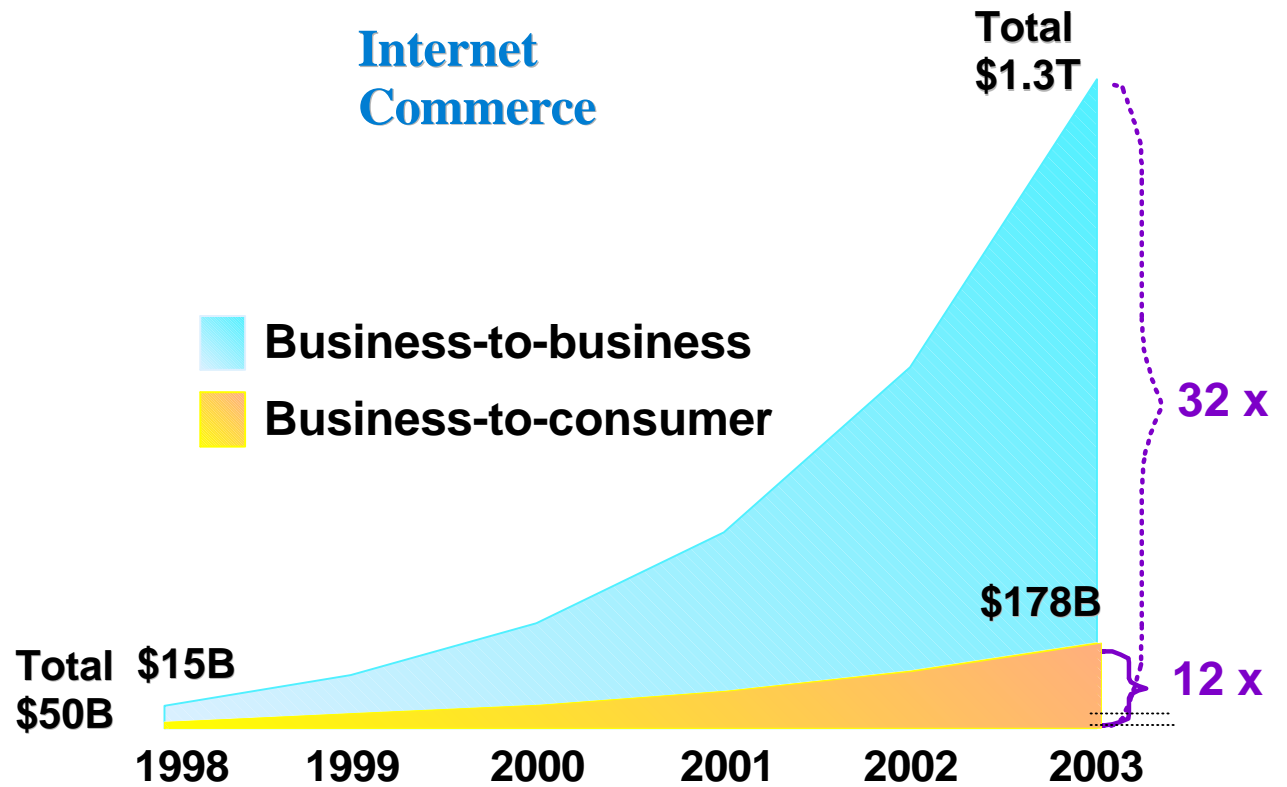
Business-to-Business e-commerce takes off..

Internet Adoption



Connected Users

Internet Commerce



Source: IDC



e-business



Transition to a New Software-Industry Paradigm

Packaged Client/Server Software Model	Web-Centric Hosted Services Model
Product-centric mindset	Service-centric mindset
Retrofit existing C/S software	Design new, Web-centric hosted services
Design for dedicated servers in individual companies	Design to host multiple client accounts on shared servers
Months/years for implementation, high support costs	Deployable within hours or days, minimal customer support
Pricing of hundreds of dollars per user, per month	Pricing from \$0 to \$30 per user, per month
Browser-based clients, but still require training	Intuitive browser interfaces require little or no training
Sold through skilled direct and indirect channels	Sold through IT and non-IT partner portals and Web sites
Revenues from software sales and services	Revenues from subscription fees, transactions, etc.

Source: Summit Strategies, Inc.
www.summitstrat.com

About \$3 A Day

Isn't it time your information was accessible ANYWHERE AND ANYTIME?

- [Welcome](#)
- [Main Menu](#)
- [Connectivity](#)
- [FuelPricing](#)
- [HostFunction](#)
- [Links](#)
- [Pricing](#)
- [Technology](#)
- [Security](#)



StoreReport is a set of integrated computer programs, accessible via the Internet, offering convenience store operators and oil marketers an alternative to having expensive and troublesome computer equipment installed in their stores and offices.

StoreReport is Year 2000 compliant and based on the latest state-of-the-art technology, but **StoreReport** is not new. Our customers have been using these very same programs for many years to collect their convenience store data and run their businesses. Therefore the system has gone through 19 years of exhaustive testing at hundreds of locations and it has saved our customers thousands of hours of data entry time. For example - with the convenience store interface alone, one of our customers reduced their office processing time for 13 stores from 16 man-hours a day, to 1.5 man-hours a day. Since then, they have expanded to 22 locations and process all of their store business each day in the same 1.5 hour period with fewer employees. It really works!



With StoreReport, you will be able to log onto the Internet, enter your daily business and print financials and inventory reports on your own office printer. This is done in a totally secure environment, offering the kind of security you never dreamed possible. Your valuable information will be encased in **an impenetrable tunnel of security**, accessible only by the persons you specify. Store and office employees need not have access to your financial data and reports. They will only see what you see here. Sensitive financial information is available only on the host system through 'unique object authorities'. A different security

WebDesign by ScotSystem Inc.

Copyright 1999, ScotSystems Inc. All Rights Reserved



e-business



"You miss 100% of the shots you never take."

-Wayne Gretzky