



Fact Sheet

Application Service Providers - ASPs

June 2007

What are ASPs and how can they help your business?

Our E-Business Advisers discuss this increasingly common form of IT services delivery:

1. What are ASPs?

ASPs are a new type of computer application service provider.

They provide a whole range of computer applications via the Internet on an outsourced, “pay as you go” or monthly basis.

This emerging sector is becoming popular for smaller companies who need specific computer applications, but don't have the finance, skilled personnel, or time to install and manage the applications themselves.

The solution: rent the application you need from an ASP, and access it through your Internet Broadband connection.

The software resides on the ASPs system, and Internet technologies allow your computers to interact with this software.

Applications that ASPs might provide include Customer Relationship Management software, accounting and payroll, Supply Chain Management software, email marketing and e-commerce.

If you have an e-commerce web site, and allow customers to pay you with credit cards via a

service from companies such as WorldPay, NetBanx or SecPay - you're already using an ASP, as this service fits within the ASP category.

The importance of this marketplace is reflected by its size. As of early 2003, estimates of the USA market for ASP services were about \$4 billion.

2. What are the advantages?

- You don't have to integrate the software with your IT systems.
- Initial software costs for the application are spread over a number of clients.
- ASP staff build up more application experience than the in-house staff.
- You pay on an “as used” or monthly basis.

3. What are the disadvantages?

- You generally have to accept the application as offered, since ASPs can only afford to customize a specific solution for their largest clients.
- You may end up being reliant on the provider to provide a critical business function for you.

If the ASP ceases trading, you may be left without that function.

How (and if) you can retrieve data if this happens may be a problem.



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- The ASP marketplace is volatile - which may lead to changes in the services available.

4. Useful Links

www.findapps.com -
Comprehensive listing of a range of different
ASP offerings.