



## ASP Whitepaper - What is an Application Service Provider?

For most small and medium sized businesses, the thought of buying new hardware, fixing network problems on a daily basis, and upgrading or installing new software every six months can be quite a headache. In addition, with the increase in more aggressive computer virus attacks and spam email it is getting increasingly difficult to keep a network protected. Over the past few years, new companies have emerged with services to help reduce these headaches and allow businesses to outsource their information technology (IT) functions, leaving the businesses to focus on what they do best.

These new "outsource IT" companies are called Application Service Providers (or ASPs). An ASP is a service firm that manages, deploys, and remotely hosts software applications through centrally located servers in a "rental" or lease arrangement with businesses. For the businesses, an ASP provides a cost-effective solution where they can receive the management, maintenance and support of their IT needs.

### How do ASPs work?

The business (or user) does not typically own the software in the ASP model. However, the user doesn't have the responsibilities associated with initial and ongoing maintenance, either. Through a Web browser, personal computer or using thin-client terminal technologies, the user is able to access the applications from anywhere in the world. Because the application is processed on a centralized server, users can run powerful applications without the need of a powerful computer.

The necessary components of ASPs include systems integration and implementation, data center infrastructure, data migration services, support and maintenance. These are essential ingredients in the success of an ASP.

If you are a business looking to use an ASP for your software needs, be sure to understand the capabilities of the ASP you are working with. There are ASPs that specialize in one specific software application and ASPs that can offer complete solutions for your company. It is important to know the limitations of the service firm you are working with.

Until now, this kind of outsourcing of computing has really only been used and available to large corporate businesses.

As technologies have improved and prices have become more reasonable, an ASP offers the ability for a small to medium-sized business to have a large, enterprise-class solution at an affordable price.

### What are the costs involved?

The pricing of ASP services are highly dependent on the individual components in the business model, and therefore can be highly variable.

Typically, a company enters into a contract with the ASP, which includes a fixed monthly payment structure. The structure is normally based on the number of users, the type of software that the company needs, and the system resources needed to manage the applications.

The end-user (or business) can be charged for access to the applications in many different ways. This could include one or a combination of the following:

- Per month
- Per concurrent user
- Per day
- Per authorized user
- Per minute

### What are some of the benefits of using an ASP?

- Increased performance. The software applications run on powerful server farms that allow for faster, more efficient computing.
- Remote accessibility. Because the software is running from a server, you can access the applications from any location in the world with simply an Internet connection and a standard Web browser.
- Platform-independence. Operating system incompatibilities no longer are an issue. Whether you use Windows, Macintosh, UNIX or even DOS, you can use the applications just like everyone else.
- Save money on hardware. Because the applications are run on server farms, your hardware needs are unimportant. There is no need to be concerned about upgrading RAM, disk space or increasing CPU speed.

While an ASP offers many benefits, there will always be some businesses that are uncomfortable letting an outsourced firm manage their computing systems. With issues of security, backup and reliability, the ASP must be trusted. It is important for the ASP to explain its systems and policies, and to build a relationship with the business so it feels comfortable.

ASPs have become more like partners than simply a service firm. Businesses are relying on them for a very important aspect of their productivity.

Of course, there will always be those businesses that will choose to spend a lot of money on hardware, hire extra employees to manage their computers systems, and upgrade their software every six months... they will just need to buy extra aspirin as well.

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*To learn more about ASP services, visit [www.ans-online.net](http://www.ans-online.net) or contact ANS at [sales@anscorp.com](mailto:sales@anscorp.com).*