

Business realize essay



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When the Internet bubble burst at the end of 20th century, the businesses realized that ASPs were not really the win-win situation they thought ASPs were. High profile failures of many big names in ASP industry and the havoc it brought for their customers made the business realize that ASP is just a outsource business and just like any other business their own survival would be at stake if their ASP collapsed too. Predictions by AMR research predicted in 2000 that 40% of ASPs and 60% of the broader ASP market would fail or merge with another company [Frye, 2001]. The concern for data safety and consequence of the failure of ISP on its customers became an important concern after the collapse of Red Gorilla and Pandesic, two major ASPs [Factor, 2001]. The customers became more interested in the viability or otherwise of their ASP. It became clear that ASPs trying to provide many applications were more likely to fail as they ended up spending more than they could earn.

ASPs established as an offshoot of major software developer such as IBM and Microsoft became more popular. The high rate of return on investment projected by customers and ISP became more realistic and analysts now began to project ASP services as cost neutral. “ The ASP option is as expensive over time as implementing it yourself, but it does give you the ability to put somebody’s neck in a noose, as well as get access to new technology very quickly [Frye, 2001]”. ASPs are providing services in all business and service sectors. Websites established to put potential customers in touch with ASPs have introduced a window of the customer business sector that opens to almost a full-length page with a list of type of industry or business. As customers become aware of the advantages and

disadvantages of outsourcing their IT requirements decisions regarding selection of ASP are being made more carefully.

There is no doubt that for medium to small companies the ASP are a viable and cost effective option and availability of ASPs adds value to a customers business at an attractive start-up cost. Many of the large corporations also find ASPs attractive for a part of their business. The large corporations may have their own sophisticated IT systems but for a specific application, some of their department may prefer to use ASP due to the reason of initial costs [Factor, 2001]. The data being handled by ASPs can be of proprietary or sensitive nature.

Security of data and protection of the data from disgruntled employees, hackers and others using the Internet has been a major concern for many companies. The health industry is now switching to Electronic Medical Records (EMR). Many specialized ASP are offering services in this field. .

[Health ; Medicine, 2006] warns about the concern for privacy, points out that in a typical case EMR will be available to hundreds of hospital staff members, and potentially hundreds of thousands of payers, providers, outsourced company staff that handle billing data and can fall into wrong hands compromising privacy. Open network like Internet, wireless computer network all have the potential of data interception. Like EMR, other sensitive information when shared with ASPs creates concerns for data safety and privacy issues. The Future of ASP and Business Relationship The future of ASPs and the services offered to customers remains secure and highly important to businesses.

The modern requirements for global business, data handling and storage and expensive software required to handle increasing complexities of business will ensure that ASP and business relationship will become more and more important over the years. The customers however need to be more informed in selecting their ASP to benefit from the services provided by ASPs. In many cases ASP may only be price neutral but until the company can justify the costs of setting up own ASP or its equivalent services, THE traditional ASP will continue to be an important part of almost all business sectors, adding value to business and providing web based solutions for their business needs. Covering for Potential PitfallsThe customer needs to ask the right questions before selection of ASPs is important for a business.

If in-house knowledge is not available, a consultant or business association may be useful in reaching the ASP providing similar services to other businesses. The business needs to evaluate the ASP for its available bandwidth, physical location, data security issues, data back up strategies, Encrypted connection, power redundancy, Server/Internet redundancy, customer service and financial picture [Manage_More, 2004]. The thing to remember is that ASPs are providing useful and important service to the businesses but like many other businesses there is a possibility that the sales staff of the ASP may not be able to provide the true picture of ASP capabilities. In such cases, the business using the ASP will suffer because of the problems at ASP or even may go bankrupt if semi-professionals are running the ASP. The ASP model has not proved to be an automatic advantages and the advantage of initial low cost and quick start up has meant financial losses and scramble for replacing ASPs for many companies.

Discussion and Conclusions Application Service providers have been able to provide a much-needed facility to many businesses.

Low initial start up cost, freedom from IT related problems, cost effectiveness, quick start up time and freedom from investment in frequent hardware and software upgrades have been important factors in flourishing Business-ASP relationship. This relationship is likely to grow at a fast pace to the mutual benefit of ASPs and businesses. Selection of a sound ASP service is however critical to drive benefit from this valuable service. The services being offered by ASPs are proving to be a top-down disruptive innovation [Christensen, 1997] by replacing many of the old businesses in the communication and business sectors. Bibliography1. Accounting, The Benefits of Using an ASP, [Online] retrieved from Internet on 4 February 2007, <http://www.accountingsoftwareworld.com/>