

Learning team

Technology, Information Technology



Analysis of Application Service Provider Outsourcing Models Analysis of Application Service Provider Services (ASP) Model and Network Systems Outsourcing models as applied to Riordan Company

This paper analyzes ASP (Application Service Provider) and network systems outsourcing models as applied in Riordan Manufacturing Company. An Application Service Provider is defined as computer-based business providing services to the customers over a given network. These include access to particular application software such as the customer relationship management with the use of a standard protocol such as HTTP.

The need for Application Service Providers has grown from the rapidly increasing specialized software costs that have far surpassed the price ranges of small- sized to medium -sized business enterprises. Also, the ever growing complexity of the application software has resulted in large costs in software distribution to the end-users. .

Through the use of Application Service Provider models, Riordan Manufacturing Company has been able to minimize costs and complexities of software. Additionally, the upgrading issues have been removed from the end firm by putting the onus on the Application Service Providers in order to maintain updated series. The company's information technology outsourcing through the use of application service provider models has enabled the company to realize a rapid growth and reduce the costs of IT applications for her electronic -commerce implementation. The company adopted the use of ASP outsourcing model due to her limited budget in Information Technology. The table below shows a comparison of traditional and ASP outsourcing models as applied by Riordan Company

Item

Application Service Provider Outsourcing

Traditional Outsourcing

Business model

One to many

One to many or one to many

System ownership

Owned by Application Service Providers

Owned by suppliers or customers

Pricing Model

Pricing is based on the usage

Standard or custom pricing

Service delivery

Services are strictly delivered through a network

Services are not necessarily delivered through a network

Governance

Externally managed

Either internally or externally managed.

Outsourcing Model

Selective outsourcing

Partial or selective outsourcing

The use of Application Service Providers Outsourcing model has several advantages as compared to Traditional or partial outsourcing models. These successes include: the integration issues of application software are eliminated from the sit, reduced software application charges since the costs

are spread over the customers, the possibility of vendors building more software application experiences, the main application software systems are kept updated and their performances managed by experts, and improved software scalability, reliability, availability and security of the information technology systems.

However, the Application Service Provider Outsourcing model also has a number of downfalls. These include:

- a. The customers must accept the software applications as they are given since the Application Service Providers is only capable of affording customized solutions for the largest customers.
- b. The customers may depend on the software providers to give a critical functions of the business enterprises, hence limiting the control of those functions and instead depending on the providers
- c. Changes in the Application Service Provider models may bring about changes in the levels or types of services available to the customers.
- d. Integration with the customers' non-Application Service Provider systems may be challenging
- e. Sometimes, there are cases of loss of corporate data control.
- f. Possible loss corporate image control
- g. The possibilities of data exposure to other Application Service Providers

Conclusion

This paper compares the common traditional information technology outsourcing models with the Application Service Provider Outsourcing models. It can be concluded that the ASPs comes with many benefits as compared to the traditional outsourcing models, hence should be adopted.

References

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