The Benefits of the ASP Model:

IT Business Process Automation in a Hosted Architecture

Abstract

This paper provides a summary of the fundamental concepts and technologies involving the burgeoning market for solutions delivered through the Application Service Provider (ASP) model. It offers a brief overview of the ASP market's evolution, the driving factors of its adopters, and the benefits generated by the ASP model. Readers should also take away a clear understanding of why solutions designed for Professional Services Organizations and Corporate IT Departments via an ASP model represent significant advantages that eliminate many of the challenges presented by today's complex IT initiatives. Finally, readers should gain an understanding of how Professional Services Organizations and Corporate IT Departments can benefit from a comprehensive ASP solution designed to automate their IT business processes and, more specifically, the *Changepoint ASP* solution.

Introduction

Corporate IT Departments and Professional Services Organizations (PSOs) are facing unprecedented demand to deploy increasingly complex solutions for their customers. A host of factors contribute to the challenge of implementing and maintaining business-critical systems.

The shortage of experienced and skilled IT professionals is at crisis levels for many PSOs and Corporate IT departments, hindering their ability to keep control over their projects. Customers are demanding increasingly customized solutions, forcing them to extend the reach of their services to include specialized partners and other outsourced staff. Customers are also insisting on more personalized relationships and cost control measures, necessitating PSOs and IT departments to deploy and maintain better customer relationship management applications and further extend their skill set to address these demands.

What is needed is a way of automating the core processes associated with delivering IT services to better manage marketing, sales, relationship and resource management, time and expense tracking, support, and invoicing. But providing the internal resources to implement, deploy and maintain such solutions can be difficult, resource intensive, costly, and time consuming. In fact, some organizations find the infrastructure costs, pre-implementation setup costs, required resources for maintenance, ongoing cash flow over the lifecycle of the application, and other considerations cost prohibitive. Vendors offering IT Business Process Automation solutions on an Application Service Provider model can resolve the issues that prevent organizations from leveraging the benefits of services automation. But with the ASP market being relatively immature, how do services organizations know what to expect? How do they know if they

need an ASP? What benefits are derived from renting applications? With the confusion surrounding what constitutes a complete ASP offering, answering these questions can be difficult. An examination of the market for ASPs, who can benefit, and the advantages of the hosted model is beneficial.

The Market for ASP Solutions

With the emergence of the Internet as the next generation platform for business computing, the opportunity for application outsourcing has grown tremendously. Prior to this, however the choices were fairly limited. The idea of subscription-based applications or services is not new. When business computing centered primarily on mainframe systems, small and midsize companies were left to either compete on an imbalanced basis in terms of the business applications available to them, or signed contracts with service bureaus that provided a limited set of applications, solutions that didn't entirely meet their needs, or were extremely costly to rent. Even large organizations were not without their challenges with respect to mainframe computing. Mainframe environments are extremely expensive to maintain and upgrade, require advanced host access solutions to eliminate the inherent text based terminal interface and provide more familiar graphical interfaces for end users, and other obstacles of inflexibility.

With the move to client/server computing, organizations began to manage enterprise applications that leveraged midrange servers accessible by relatively low cost PCs. However, this model, too, has its share of drawbacks. The expense of not only the upfront investment in hardware, but also the ongoing maintenance and upgrade, the expense of software, and the significant human resources required to maintain and monitor the environment prohibit many organizations from taking full advantage of their systems.

The explosive growth of the Internet as a viable platform for business computing, combined with the surfacing of several prohibitively expensive trends in managing IT systems, opens the market for subscription-based enterprise applications. There is good reason for interest. Analysts are predicting tremendous growth for the application service and provisioning market. Groups from Gartner to Forrester Research to The Meta Group are all forecasting an enormous increase in the demand – and resulting revenue – of application services. Currently, the ASP market is expected to reach anywhere between $6 – 8 billion by 2001 and close to $10 billion by 2003.

Add to these estimates other requirements for comprehensive application service, such as pre-integrated solutions, deployment services, and consulting, and the total forecast reaches an astounding $20 billion by

2003! However, the ASP market is still immature. There are many different "flavors" of ASPs – some more readily capable of offering the high level of reliability, scalability, and service levels demanded by their customers. The unfortunate fact is that many ASPs, without coming to market properly prepared to offer a comprehensive solution, will fail, leaving their customers with a less than ideal experience. All ASPs today face a certain set of challenges in providing leading edge solutions. With so much confusion around the definition and expectations of a true ASP, a it is important to understand why customers are looking to the ASP model of IT management in the first place.

Business Drivers of the ASP Market

Under the ASP model, there are many benefits to customers, or "subscribers". One of the primary reasons is that companies today, regardless of industry of mission, are extracting themselves from non-core activities. That is, in order to gain competitive advantage, they are refocusing on the business of doing business, in this case delivering IT services rather than on the complex task of managing complex internal IT environments.

Further to this, ASPs allow for continuous access to the latest technology organizations need to run their business, while at the same time eliminating the risks, costs, and administrative responsibilities associated with developing and maintaining the required IT infrastructure. They improve the ability of organizations to focus on core business process issues, such as increasing resource utilization and customer satisfaction rather than internal IT concerns. The ASP model speeds time to market of mission-critical solutions and technologies with reduced risks to existing systems.

Moreover, ASPs can ensure scalability, provide security, backup, availability, and other support systems, and even manage the complex data infrastructure associated with today's high volume, transaction-based solutions. For most organizations, hosted solutions drastically reduce the upfront investment in hardware, software, resources, and deployment, while improving business processes and easing administration, minimizing the cost of ownership for enterprise systems.

Who Should Consider Using ASPs?

Virtually any company looking to achieve the benefits outlined above can take advantage of application service provider offerings. Whether the company is large or small, the ASP model saves time and money, and simplifies ongoing system reliability and support. While most analysts agree that the primary market for ASPs is small and mid-sized

organizations, they also see the potential – and increasing likelihood – for opportunities within large enterprises.

With the help of ASP vendors, small and mid-size companies can deploy enterprise applications that, without an ASP, would involve large investments in software, deployment time, and IT personnel. Essentially, smaller organizations can take advantage of efficient, integrated enterprise applications that were previously out of reach, enabling them to generate unprecedented opportunities and gain advantages over competitors.

For large enterprises and global organizations, there is a different set of considerations. With business operations now increasingly dependent on complex and rapidly changing information systems, IT managers are embracing the ASP model to ensure secure, business-critical applications. Large companies may decide to enlist an ASP to quickly deploy critical, enterprise applications at an affordable cost, since the resource requirements for supporting these systems have grown exponentially.

IT Business Process Automation in an ASP Model

Until recently, software available on a subscription basis was limited. Payroll, human resources applications, and mainframe based inventory systems were among the few. However, with the emergence of the Internet as a viable platform for business computing, the range of applications is rapidly growing and seemingly without limits. Everything from basic administrative applications to full-scale enterprise resource planning systems can now be leased.

One of the more unique ASP offerings addresses the specific needs of professional services organizations, consulting practices, and Corporate IT Departments faced with the challenges associated with designing, deploying, and maintaining advanced, high-quality solutions. They're faced with shorter deadlines, higher customer expectations, increased complexity of the projects they are asked to deliver, and an increasing shortage of seasoned professionals to staff those projects.

IT business process automation software enables PSOs and IT departments to focus on their core competencies while leaving the process and work flow administration to the solution. This class of software automates the entire IT services delivery process from lead management and relationship management to resource management to invoicing to support. Only the very best of these solutions offers a completely integrated product that allows for a high level of customization and comprehensive functionality. These solutions provide end-to-end workflow management and meaningful analytics.

PSOs and IT Departments looking to take advantage of the benefits generated by IT business process solutions while minimizing upfront costs, speeding deployment time, ensuring availability and scalability, and setting the framework for providing world class customer experiences can realize that goal by subscribing to automation solutions in an ASP model.

Changepoint ASP for Professional Services Organizations and Corporate IT Departments

Overview

Changepoint ASP offers organizations looking to combine the benefits of the application service provider model with those of its leading IT business process automation solution, Changepoint Enterprise. Coupled with the robust operational and inter-operational capabilities of the solution, Changepoint ASP provides customers with a proven architecture for reliable, high-quality solutions, including:

- Microsoft's integrated suite as an operating system, database, and Web server

- Dell Computer Poweredge servers

- Exodus Communication Inc. world-class data center and Internet backbone services

Changepoint ASP is also offered to customers with a comprehensive service package for customer management, application and platform management, data center hosting, network infrastructure, and guaranteed service level agreement (SLA), designed to enable organizations to achieve their goals faster.

About the Solution

Changepoint Enterprise is a solution designed from the ground up for the way progressive PSOs and Corporate IT Departments work. It is a seamlessly integrated software solution that automates all critical business processes of IT services delivery with a single system. The result of more than seven years of as market leaders in automating IT services delivery, Changepoint Enterprise is a best of breed workflow and process management automation solution.

Changepoint Enterprise is designed to address and automate the following critical processes:

Customer Relationship Management – managing customer relationships, marketing initiatives such as campaigns, ROI analysis, competitive

intelligence, and lead tracking, and sales force management including telemarketing, opportunity management, contact and activity tracking, pipeline reporting, and proposal development.

Service Delivery Management – includes process management for engagement (contact management, billing detail, fee schedules, approval workflows, and resource rates), project management (project definitions, project scheduling, task distribution, Microsoft Project integration), time and expense management (time entry, time certification, expense entry, approval workflows), and invoicing (internal and external billing, approval workflow, multi-currency and tax handling, integration with Financials).

Support Management – focuses on support management functions including, call tracking, escalation, knowledge management, time tracking, bug reporting, and feature request tracking.

Resource Management – handles resource tracking, skill tracking, skill research, availability planning of resources, and contractor management.

Changepoint is suited to a wide range of users with diverse needs. From executives who need to establish strategy and set priorities, to marketing staff that need to create and manage programs, to finance and administration members that are responsible for tracking and managing the flow of data and ensuring accurate and timely invoices, Changepoint automates the traditionally manual labor associate with those processes. From a customer perspective, organizations using Changepoint enable them to interact effortlessly with service providers or their IT department in order to derive maximum benefit from the relationship and more closely monitor activities.

Changepoint Enterprise enables organizations to remove the often-cumbersome tasks associated with running the business and focus on their core competency – offering leading solutions and building lasting and profitable client relationships whether they are PSO customers or the internal clients that corporate IT departments service.

Changepoint ASP Services

The comprehensive operational and business services that comprise Changepoint ASP deliver maximum value for PSOs and Corporate IT departments. The following Operational Support Services (OSS) and Business Support Services (BSS) ensure that customers get the most out of their PSA solution while not having to worry about the challenges involved with maintaining and managing the services required to drive it.

Changepoint ASP Customer Management – the Changepoint ASP Customer Management team is dedicated to ensuring that our hosted customers consistently receive quality service and support by providing

them with complete account and configuration management. Each Changepoint ASP customer is assigned a dedicated ASP Account Manger responsible for providing proactive post-implementation support and consultation, ongoing monitoring of the implementation and recommendations of best practices for internal support of Changepoint. The ASP Account Manager will serve as a single point of contact for primary escalation as well as monitor SLA compliance, direct crisis teams in the event of emergencies, participate in customer status reviews, conduct technical account reviews, and communicate customer feedback to other Changepoint departments, like research and development, or technical support.

Changepoint ASP Application and Platform Management – The key to reliability and performance in a hosted solution is a highly integrated technology stack that allows the solution and the hardware platform to be managed as one in a tried and proven architecture. The Changepoint hosted solution is comprised of Microsoft Windows 2000 server, Microsoft SQL Server 2000, and the Changepoint solution, which was built entirely within Microsoft's development environment. Additionally, the standard system for the Changepoint ASP architecture is the robust, reliable, and fully scalable line of Dell Poweredge servers.

In addition to its superior architecture, Changepoint ASP also delivers the critical OSS services that make up a sound hosted solution. The Changepoint ASP Operations Team is committed to delivering solutions in as rapid a timeframe as possible. In fact, out Quickstart program often has customers up and running within days. The Operations Team also manages and ensures such critical OSS elements as:

- Scalability
- Network bandwidth
- IP addressing and Domain Name Services (DNS)
- SSL Encryption of online activities
- Software licenses
- Software updates
- Scheduled maintenance
- Backup and recovery
- Change request processes
- Database management
- Performance monitoring

Data Center Services – Changepoint selected Exodus Communications to provide the data center and Internet backbone for Changepoint ASP. Exodus is a world-class data center service provider that offers superior scalability, reliability, and manageability that allows customers, such as Hotmail, eBay, Hewlett Packard, and National Semiconductor, to

maximize the benefit and security of their mission-critical applications. As a state of the art data center provider, Exodus offers all the critical services required to ensure availability and scalability for its customers. Services include:

- Physical security
- HVAC temperature control
- Fire suppression
- Power management
- Uninterrupted service during scheduled maintenance

Additionally Exodus manages a leading edge network infrastructure that provides for and supports:

- Public peering
- Private peering
- Capacity management
- Local connectivity
- Network control and monitoring

Changepoint ASP Service Level Agreement (SLA) – Changepoint ASP has a flexible, yet comprehensive, SLA. For more information regarding the details of the Changepoint SLA, please see our *Changepoint ASP Services and Support Overview* document, available at www.changepoint.com.

Summary

In closing, Corporate IT Departments and PSOs that can focus on their core competencies and better manage the increasing demands placed on them will be better able to deliver the high power solutions that will prepare their customers to emerge as winners in the new economy. By taking advantage of the benefits generated by the ASP model and the comprehensive business process automation of its Changepoint heritage, Changepoint ASP offers PSOs and Corporate IT departments the key to realizing the goals of delivering cutting edge solutions in short order and generating leading customer experiences.