Application Service Providers: ASPs
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The ASPs (Application Service Providers) are companies which offer the use of applications and remote services from a data centre. Using periodical payments and always-on connections, the ASPs take charge of the management and supply of applications to multiple companies over the Internet or other networks. In this way, the customer may access, so long as he has the computer structure in his company, the data stored and applications subscribed to.

The ASP market is still in an embryonic stage, but it has great potential for growth. In the year 2000, this market had a turnover in the United States of approximately 1,077 million euros (201,100 million pesetas), whilst in Europe the level of development is slower than in the USA due to two reasons. On the one hand, the delay which is noticeable in the integration of the Internet in companies and, on the other, the lack of broadband connections which allow the expansion of services over the net.

In the case of the United States, the ASPs were boosted by the SMEs, who, since they could not develop applications for themselves at a reasonable price, decided to benefit from the subcontracting of applications. For the SMEs, the ASPs, apart from saving acquisition and updating costs, also represent a reduction in the costs of development and maintenance of the applications. The large companies, for their part, outsource processes and delegate those services which are not crucial to the business, so simplifying the internal processes. This allows human resources to be destined to tasks more related to the productive activity of the company.

Areas
The ASPs base their structure on three areas: as a medium for business, for applications and for infrastructure. Customers subscribe to the services in a single packet, the development of which requires a large framework of strategic alliances and joint agreements, normally led by one operator, which covers all the business areas of the ASPs.

The ASPs also act as application managers. This function consists of the renovation, implementation and adaptation of the applications. Moreover, their mission is to maintain applications working properly, so replacing the computer department figures in traditional companies. The providers of applications and services have seen in the ASPs an opportunity to gain a high level of customer loyalty by companies using their programmes.

Finally, the function as a medium for infrastructure includes tasks such as data storage, line and information security, and also the task of providing the company's Internet connection. The companies which offer these services are usually telephone operators or
connection providers, who previously only offered a service of Internet access.

The ASP companies, given their size, can offer their services at a lower cost and with the peculiarity of doing it without any time limit (24 hours a day), and without any limits on users or space.

The ASPs, thanks to the quick implementation of their applications and to their large scalability, are especially important in quickly maturing markets where time is crucial to the future of the company. By using ASPs, customers have an exact knowledge of the cost of their applications and a guarantee with regards to their evolution, since they always work with the latest versions. Moreover, the services generate an increase in productivity which allows workers to centre on the company's principal activities. In turn, the ASPs bring greater fluidity to the company because they offer solutions for e-commerce and internal management processes.

In spite of the benefits which the ASPs bring, certain problems regarding the storage of highly valuable information on the net are still apparent. Information security is one of the critical points of the Internet, especially when the data stored are of great importance to the company. Another problem which appears when introducing a new system is the consequent need to train employees and the cost which this implies for the company. Finally, another problem is the loss of direct control over the applications, since the company cannot vary the efficiency of the applications in accordance with its levels of activity.

This market must mature in order for companies to make full use of the advantages which ASPs offer and to evolve towards integration of the business on the net, so obtaining full benefit from the opportunities which the Internet offers.

**The Question**

"How will the ASP market in Spain evolve? Will we reach a point in the future when all applications are through ASPs?"

**Jesús Díaz de la Hoz, Managing Partner, PricewaterhouseCoopers**

The market of solutions for financial information and management processes is changing. During the Nineties, demand came principally from large companies that needed robust and complex technological environments. Nevertheless, there are two factors which generate a new kind of demand. On one hand, many large organisations which previously needed this type of environment have now introduced the appropriate solutions. On the other hand, the advance and spread of new Internet-based technologies has meant that medium-sized companies now demand ASP applications.

In this way, these companies may dedicate their efforts to their basic business and leave to one side data processing activities which can be carried out more efficiently from an ASP service. Nevertheless, the company's own systems or processes will always require data processing and decision-making at a strategic level.
Josep Valor, IESE Professor
The evolution of the ASPs in Spain will be comparable to that of any other country if the communication systems and the legislation on data protection liability are at the same level.

Hence, if the evolution of investment in infrastructure and its regulation are appropriate, Spain will be no different from any other advanced country. In order for all applications to be used via ASP, it would be necessary that the companies' own systems no longer existed and that there were a market of bundled packages which could satisfy all the information needs of any company. This seems improbable, and, on the whole, companies are always going find situations in which they must resolve their particular needs, so leaving the ASPs a long way from an information exploitation monopoly. Nevertheless, for very standardised applications, what could happen is that there will only be one single copy of the software, which is then executed anywhere in the world, paying only for the rental time which each user needs.