

Insider's Guide to Selecting an ASP

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ASPs: On the Rise

Several factors are contributing to the current resurgence in the use of application service providers (ASPs). These factors include:

Lower application ownership costs

By eliminating the need to both purchase and manage server hardware, operating systems, databases, storage capacity and other supporting infrastructure, ASP-hosted applications can reduce lifecycle application ownership costs by 50% or more.

Faster time-to-benefit

By eliminating the need to install, configure and integrate software and supporting infrastructure, the ASP model also accelerates implementation and enables the business to start reaping business benefits more quickly.

Reduced risk

ASP-hosted applications can be piloted in advance of a full-fledged production rollout, thereby minimizing the risk of making major investments in inadequate or poorly aligned technologies.

Relationship control

Fixed-term contracts give buyers greater control over their relationships with ASPs compared to conventional software licensing contracts.

Because of growing corporate interest in the ASP model, many software vendors are positioning themselves as providers of hosted software services. However, not all ASPs are created equal. To reap the full benefits of ASP hosting, technology buyers must be sure that their vendors-of-choice are, in fact, true ASPs and not conventional enterprise software vendors in ASP's clothing.

This white paper therefore presents the twelve most critical selection criteria to consider when selecting an ASP. As more corporations embrace the ASP model, adherence to these selection criteria will become increasingly critical to the success of corporate software acquisition strategies.

12 Key Criteria for Selecting an ASP

1. **Functional match with business requirements** – Despite their significant appeal, the advantages of the ASP model won't make up for a poor match with your functional requirements. If you need a customer service management solution that provides integrated incident management across your call center, email and chat channels, then it's critical that your ASP's offering fulfills that requirement. So be careful not to trade away any of the functionality you need just to enjoy the benefits of ASP hosting.
2. **Browser access to all application administration functions** – Some ASPs offer applications that were not originally designed to

be delivered via an ASP model. This leads to a frustrating and sometimes costly situation where only the ASP can perform many administrative tasks. Verify that you can perform all routine administrative functions (adding new users, changing passwords, scheduling reports, etc.) without having to contact the ASP. In addition, you should be able to take care of more complex tasks, such as defining workflow and escalation rules and modifying the "look-and-feel" of the application to match your site. Essentially, you need all application administration functions available via a browser interface. Your goal should be self-sufficiency, not dependency.

3. **Integration with your existing in-house applications** – No enterprise application is an island. Be sure generalized methods exist for linking your ASP's application with your existing applications. Be sure the ASP has customer references that have actually completed integrations like the ones you might undertake. Web Services Technology makes such integrations relatively straightforward, but the appropriate interfaces must exist and the ASP must have experience using them. Some things to look for include:

Web Services Technology

- Does the application support the use of XML?
- Is the XML API robust and supported across both real-time HTTP POST (URL) and store-and-forward (email) connections?
- Is the application able to generate XML to other applications based on defined event triggers (such as a data record added, deleted or updated)?
- What are the ASP's future plans for supporting Web Services Technology as standards evolve?
- Are other tools needed to integrate the application? Do additional packages need to be purchased, such as an SDK or API?
- Is there robust security for remote integration transactions? Can integration commands between your data center and the ASP be executed over secure SSL connections?

Integration Methodology

- Does the ASP have a well-defined methodology for developing integrations? Does the ASP understand the business aspects of integration as well as the technical aspects?
- What are the most common methods the ASP has used with other clients to transfer information between applications? Confirm that their preferred method is Web Services Technology.
- What is their average cost and time for integrations?

Integration Support

- What error-checking mechanisms does the ASP typically employ with integrations?

- What support options does the ASP offer for upgrading to future versions?
4. **Service Level Agreements (SLAs)** – SLAs generally include availability objectives or guarantees ranging from 99 percent (low) to 99.97 (very high), with most being around 99.5 percent. Potential buyers should look beyond these numbers and ask several other important questions, including:
- What is the ASP’s track record for meeting these objectives for companies your size?
 - Has the vendor had any extended outages in the prior year?
 - Scheduled maintenance is generally excluded from availability calculations. How much time is allocated to scheduled maintenance downtime? Has the vendor historically met those objectives?
 - Will I be notified in advance of any scheduled maintenance downtime that will affect my application?
 - Application performance is just as important as availability. If an application is up and running, but it takes 10 seconds to load each page, it is as good as down. What are the ASP’s performance objectives and track record with other firms your size (typically measured in page load time from the ASP data center)? Generally average page-load times should be less than two seconds with few page loads exceeding five seconds.
5. **Application Availability and Performance Monitoring** – Availability and performance monitoring systems are how you ensure compliance with SLAs. You should expect the ASP to provide a web portal that shows the performance of your individual “instance” of the application. This portal should include overall uptime information as well as graphs showing minute-by-minute performance for any time period you specify. Ideally, the data should be available in real-time (rather than delayed by hours or a day), so you can act immediately on problems if and when they occur.
6. **Ability to Easily Upgrade and Customize** – Be sure you discuss how your ASP application will be upgraded. Some ASPs upgrade all their customers at once. Clearly, that is not ideal, since you need to perform the upgrade at a time that’s convenient for you. You certainly want to make sure you’ve completed training on a new version before putting it into production. You may even want to skip some upgrades, so be sure your ASP gives you that option too.

The ability to customize your individual application instance can also be very important. ASPs offering applications not originally designed for ASP delivery may only be able to offer very limited customization. But an application that is truly built for “multi-tenancy” will. Of particular importance in customer-facing apps, for example, is the ability to match the look-and-feel of your corporate

web site. Be sure you have such flexibility, even if you don't intend to use it right away.

7. **Reporting / Analytics** – Management reporting gives you critical insight into your business operations. To make sure you can meet your present and future needs, look for three things:
 - A robust set of “canned reports” that can be run without requiring customization. These canned reports should address 80 percent or more of your reporting needs.
 - The ability to design your own reports within the application without the need for third-party tools. This will be important as you come up with new ad hoc reporting requirements over time.
 - The ability to use a third-party report writer or business intelligence tool like Crystal Reports, Business Objects or Cognos over a secure real-time remote connection directly to the data at the ASP. This is typically accomplished over an ODBC connection to the ASP data center. Having such a connection allows for real-time reporting with your company's standard reporting or BI tool-of-choice.
8. **Security** – Your ASP will be storing sensitive corporate information. Here are a list of questions you'll want answers to:

Physical Security Questions

- Describe the physical security and disaster recovery/prevention features of the ASP's data center.
- Who (including employees, data center staff, and vendors) has physical access to the hosted servers?

Network security questions

- Are industry-standard firewalls deployed? Where are they deployed? How does the ASP keep the software for the firewalls current? Is administrative access to firewalls and other perimeter devices allowed only through secure methods or direct serial port access?
- What protocols and ports are allowed to traverse the network/firewall?
- Does the ASP use intrusion detection systems? How long are ID logs kept?
- Are formal incident response procedures in place? Are they tested regularly?
- Does the ASP engage third-party security service providers to perform ongoing vulnerability assessments?

Systems Security Questions

- Are ongoing vulnerability assessments performed against the systems?
- Are file permissions set on a need-to-access basis only?
- How are operating systems kept up-to-date? How does the ASP keep abreast of software vulnerabilities? What is the procedure for installing software updates?

- Are audit logs implemented on all systems that store or process critical information? Are root commands logged?
- What change management procedures are in place?

Security Policy Questions

- Describe the user account and password policy.
- Are screen-blanking mechanisms deployed on all employee workstations? Do sessions automatically time-out after an idle period?
- Are user accounts for contract personnel created with expiration dates? How are user accounts closed after termination?

Staff Security Questions

- What are the credentials of the systems administration staff?
- Has the system administration staff had complete background and criminal checks?
- Are hosting staff on-site or on-call 24x7?

9. **Hosting as primary delivery method** – Be sure to vendor you are working with is not just paying lip to hosting. Many firms have added hosting as an afterthought—not as a primary delivery method. Some software vendors even use third parties to run their hosting businesses. Vendors that have added hosting as an ancillary service in this way are prone to discontinue their hosting services with little warning. Be sure to ask:

- What percentage of the vendor’s customers are hosted?
- Does the ASP have other hosting customers in my industry? Can I speak to them?
- Does the ASP charge a separate fee for hosting?
- Does the ASP manage the servers and the application or just the application?

If an ASP is using hosting as its primary go-to-market strategy, a majority of its customers will be hosted. In fact, ASPs committed to hosting usually do not charge for their hosting services. That’s because when the ASP model is properly implemented, the vendor’s amortized hosting cost-per-customer is actually less than the cost of supporting a customer that runs the application in-house. ASPs that are not experiencing these economies of scale may abandon the ASP model and leave their hosting customers high and dry.

10. **Can I bring the application in-house?** – As important as it is to select an ASP that is committed to the ASP model, it’s also important to have the security of knowing that you can bring the application in-house if you so desire. This option removes risk associated with failure of the ASP, its acquisition by another company, or change in your own company’s business or IT strategy. Ask for references of customers running the application

in-house. If there aren't any, the likelihood of you being able to successfully do so is probably slim.

11. **If I terminate the relationship, can I get my data back?** – We would like to think all relationships last forever. Unfortunately, they do not. The likelihood that you will eventually have to migrate to another platform is high. Be sure you can get your data in a standard format that will easily migrate to another system.

12. **Financial stability of the ASP** – While today's successful ASPs are thriving, the fact remains that many have failed in the past. You will significantly reduce your risk by selecting an ASP that has a demonstrable track record of growth and positive cash flow.

Conclusion

ASPs are changing the way corporations buy and use CRM and other enterprise applications. However, it's critical to selecting the right one. The best ASPs are those that are fully committed to the ASP model, that provide comprehensive browser-based application functionality, provide robust security, and offer appropriate business engagement terms. By selecting an ASP based on the criteria outlined in this white paper, organizations of all kinds can benefit from the fast deployment, lower operating costs and reduced management headaches that hosted applications offer.

About RightNow Technologies

RightNow Technologies is the leading on demand CRM company focused on customer service. RightNow improves the effectiveness of service and support operations with easy-to-implement technology, replicable best practices drawn from the industry's broadest base of successful implementations, and engagement terms that create accountability for delivering quantifiable results.

RightNow has delivered these benefits to more than 1,000 customers worldwide such as: Air New Zealand, Ben & Jerry's, Briggs and Stratton, British Airways, Cisco, Dolby Laboratories, Inc., Electronic Arts, Pioneer, Raymarine, Remington, Sanyo, Specialized Bicycles, and more than 150 public sector clients including the Social Security Administration and the State of Florida.

Founded in 1997, RightNow has offices in Bozeman, Dallas, San Mateo, New Jersey, London and Sydney, with an associated office in Tokyo. RightNow's products are available in 13 languages worldwide. For further information visit <http://www.rightnow.com/> or email info@rightnow.com.