



Chapter XII

Application Service Provision: A Technology and Working Tool for Intelligent Enterprises of the 21st Century

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ABSTRACT

By addressing the business issues and management concerns of a 21st century intelligent enterprise, we hope this chapter points medium- and large-sized businesses in the proper direction to manage ASP resources and strategies to their competitive advantage. With the phenomenon of ASP in its infancy, we draw from works of IS pioneers Markus, Porter, Checkland, and others. Their intellectual contributions, plus findings from research work at CSIS, provide a framework for discussion.

ASP delivers personal productivity software and professional support systems, assisting an intelligent enterprise in processing information, solving business problems, developing new products, and creating new knowledge. The need to exploit ASP capabilities to preserve and enhance organisational knowledge is clearly defined by this chapter.

INTRODUCTION

To deal with this complex topic we have structured this chapter into four main areas: Background, Concerns, Recommendations and Future Trend.

Background presents the central theme of the historical shifts from a mainframe to a client-server and now to an application service provision (ASP) strategy for Intelligent Enterprises. An observer of the Client-Server technology would have found the task of accurately discerning the path of that technology during the last decade of the twentieth century very difficult. Similarly, the reality of the ASP technology has not burst on the business scene full-blown, but has evolved over some five to ten years. Moreover, statistical evidence to define this emerging social and economic reality has lagged behind the writers and commentators who have identified the important features of this significant change.

Next, **Concern** discusses the engine that is driving the ASP industry. Just as the steam, electric and gasoline engines became the driving forces behind the industrial revolution of the early 1900s, so the Internet and high-speed telecommunications infrastructure are making the ASP a reality today. A resulting 'information processing' industry is the business sector that is providing the impetus for this revolution, with its increasingly improving array of hardware, software, and information products and services. These technologies, in turn, are having and will continue to have profound impacts on business management, competitive advantage, and productivity.

Having set the stage by describing the changing business environment (see Diagram 1) of the Intelligent Enterprise, **Recommendation** then moves to the need for each enterprise to fundamentally think its corporate strategy. Just as the railroad industry in the late 1800s had to change its mindset from one of buying up large land tracts and laying railroad ties to one of moving goods and people from one place to another, so intelligent enterprises today must reconsider their traditional lines of business as they begin operating in the 21st century. For ASP vendors, it is not just a question of selling a product, but of selling a solution to a customer's problem. This is where the lines between delivering the services and between traditional versus emerging markets are blurring and changing.

The qualitative dimension is as important in an ASP industry as the quantitative dimension. Quality control must be built into the front end of the service delivery cycle, not viewed as a last-minute check to be done just before contracts are reviewed. Here is where the human factor is introduced into our discussion. In essence, the intelligent enterprise is a distributed network of human talent. Within the individual enterprise, outmoded human resources management philosophies must be replaced by modern approaches that maximize the brain contribution to the products and services, not just the brawn contribution. The emphasis of ASP in intelligent enterprises is on working smarter, not just harder. ASP strategy requires businesses to rethink not just the elements of its economic milieu, but its political and social contexts as well. This does not suggest some kind of radical shift away from the profit motive to the quality-of-life motive. But we do endeavour to point out that this strategy presents both risks and opportunities for every business in the 21st century. Much of this discussion implicitly recognizes that doing business in an intelligent enterprise forces suppliers, producers, and consumers into far closer proximity with one another than is the case in an industrial economy.

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