



Chapter I

Application Service Provision

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Abstract

This chapter not only defines the application service provision phenomenon, but also details the issues surrounding its emergence as an Internet strategic module. It reports on several studies that concentrated on the application service provision module impact on the day-to-day operation of a business.

What is Application Service Provision (ASP)?

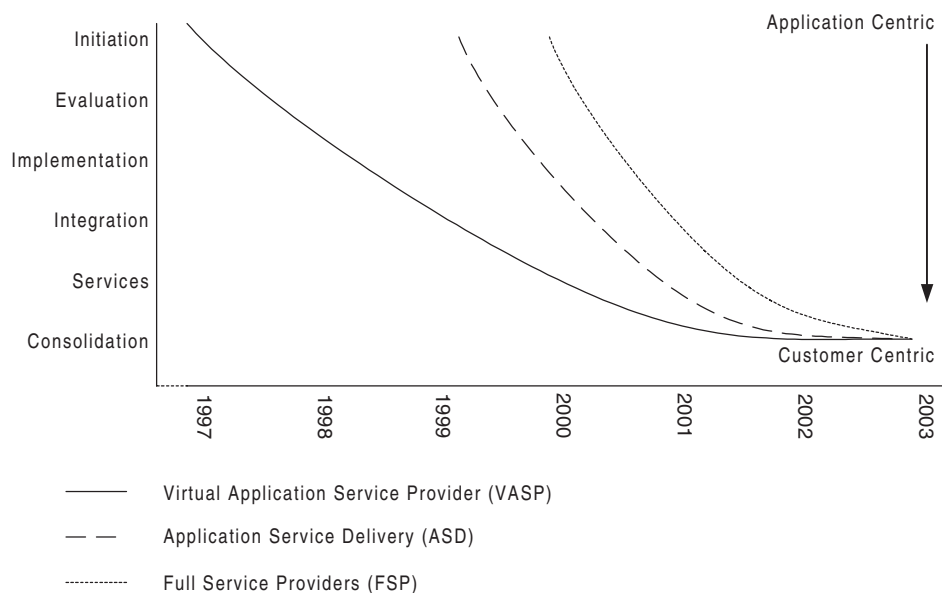
According to the ASP Industry Consortium, an ASP is a third-party service firm that deploys, manages, and remotely hosts software applications through centrally located services in a rental or lease agreement (ASP Consortium,

2000). Such application deliveries are done to multiple entities from data centres across a wide area network (WAN) as a service rather than a product, priced according to a license fee and maintenance contract set by the vendor.

ASP is considered by many to be the new form of IT outsourcing, usually referred to as **application outsourcing**. While the IT industry has become accustomed to selling software as a service, the ASP business model is different due to its scale and scope of potential and existing application software offerings to small, medium, and large customers. In addition, this model enables ASPs to serve their customers irrespective of geographical, cultural, organizational, and technical constraints. The apparent complexity of the ASP model led to a taxonomy including Enterprise ASP, Vertical ASP, Pure-Play ASP, Horizontal ASP, and ASP Enabler (Figure 1.1). An earlier evaluation of different ASP business models resulted into four broad categories of delivery, integration, management and operations, and enablement (Currie, Desai, & Khan, 2004).

An important debate surrounding all ASP models is the extent to which application outsourcing is different from traditional outsourcing. Figure 1.2 provides a breakdown of traditional and application outsourcing. Probably the

Figure 1.1. The evolution of the ASP models



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