

Bryan D Weir takes a look at the recent trend toward the use of remote software services through Application Service Providers (ASP). These are companies who make software applications available via the Internet to users who, rather than buying software, pay rental fees for it.

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Software for hire

There has been a trend in recent years towards the use of remote software services through Application Service Providers (ASP). These are companies who make software applications available via the Internet to users who, rather than buying software, pay rental fees for it. The software does not have to be installed locally, the application being available through any web browser, and all support and maintenance is handled by the service provider.

Computerised Maintenance Management System (CMMS) vendors are not the only ones offering these solutions. CAD modelling, engineering design, finance packages, purchasing, ERP and even your company Intranet can now be rented. This is an expanding sector and the signs are that major growth is about to take place. Earlier problems with slow data transfer speeds, communication costs and data security have largely been eliminated and this has made ASP a very attractive proposition. This is clearly illustrated by the proliferation of systems that have become available over the last three or four years with most of the major CMMS vendors now offering an ASP option.

Who would use an ASP CMMS system?

Anyone who needs to use a CMMS can use an ASP CMMS. Essentially there is no difference in the software and with modern web technology just about anything that can be done on a normal package can also be done on an ASP package.

What does an ASP CMMS Cost?

As with standard software, costs can vary tremendously but ultimately you get what you pay for. The scales and methods of charging vary from provider to provider and the cost per user can be as low as £20 or £30 per user per month or as high as £200 or £300. Some companies provide metered access where you only pay for the time that you are online.

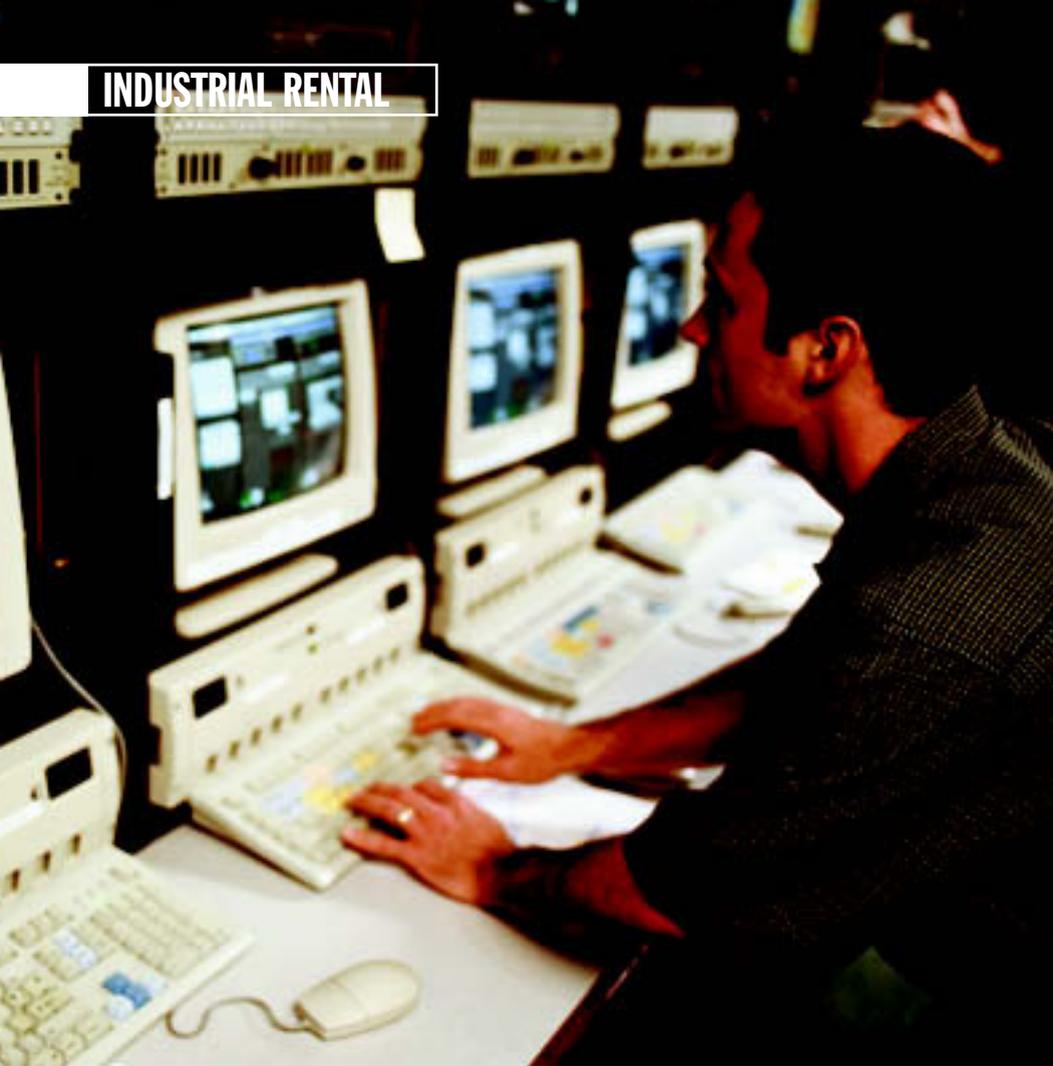
Many factors will contribute to your choice of provider but you should do the arithmetic beforehand to ensure that it is a viable proposition for your company. People often dismiss ASP solutions because their cost at first glance often appears to be prohibitive. This decision is generally based on background knowledge of the cost of standard CMMS or EAM software. The initial arithmetic can convey the impression that ASP is more expensive but the total cost of implementation, training, maintenance and support on both options must be considered.

Advantages:

- Implementation time is dramatically reduced. This is very significant since getting a standard CMMS system up and running can be an extremely complex process involving many people in your organisation. ASP systems can be rapidly deployed since they are available and ready to use as soon as you sign up. All you need is Internet access and a web browser.
- Since no real software installation and

implementation is required the costs normally associated with this are eliminated.

- Assuming that you already have fast Internet Access on your LAN or WAN zero capital investment will be required. Most packages are available on a monthly fee per user basis. Typically no long-term contract needs to be signed and the agreement can be concluded at one month's notice.
- The low cost of hire means that small and medium enterprises (SME's) can invest in major applications, which, because of budget constraints and implementation costs, were previously only available to large enterprises. This can be a huge advantage. When new versions are launched the SME's typically benefit from getting access to advanced functions whose development has effectively been paid for by someone else.
- Your IT budget is predictable. You know what your monthly fee will be in advance and with no local IT support being required you know more or less exactly what you will be spending on your CMMS system. Some vendors will even provide you with long term guarantees about future pricing.
- Your IT people can focus on the core business.
- Many of the suppliers include training and support and this can be available online, sometimes 24 hours a day.
- ASP systems are maintenance free. A



■ **The low cost of hire means that small and medium enterprises (SME's) can invest in major applications**

standard software system of this type in an average sized company could require as much as one or two full-time IT people to look after it. Quite often their salaries are not factored into the overall, on-going cost of the system. With ASP systems there is normally no IT department support or involvement required.

- Systems are normally accessible from anywhere in the world. This makes them ideal for companies who have several sites or locations but who want to use a common maintenance database. It is also ideal for companies who use remote service engineers or technicians. They can access the system to pick up work orders or to find technical information stored in their common database.
- There are no problems or costs associated with software upgrades since these are all carried out by the provider as part of the package.

Disadvantages:

- Some people may be reluctant to place critical company information under the control of an outside authority.
- There is the possibility that unscrupulous suppliers could be opportunistic with regard to future business arrangements and charges.
- Since you no longer need IT support for your CMMS there may be some loss of IT expertise in the company although this will not apply if this is your first CMMS system.
- If you need a high degree of customisation and integration with existing systems you may have to look closely at the provider's capabilities and charges for this.
- If the providing company fails or goes into

liquidation you could be left without a system unless you have a contingency plan in place. (Some companies will provide you with a "Gold" copy of the software that you can install and use locally if they "disappear".)

- ASP software will probably not be a viable proposition for smaller companies who require only a basic, single user system that does not require IT support.

Selecting your Provider

The selection process for your ASP CMMS is almost identical to that for any other CMMS. Quite simply, you must ensure that all the features you require in a regular CMMS are available in your ASP solution. There are however some other factors that are worth mentioning.

- What does it cost overall? Ensure that you project the total costs forward for at least three years and compare this to the costs of a regular CMMS over the same period. See Table 1.
- Ensure that the terms of your Service Level Agreement (SLA) are clear and that it fully meets your requirements. SLA's should include agreements on support and acceptable levels of downtime, etc.
- Ensure that the provider's charges are clearly outlined. You should also get a statement about the maximum increases that can be applied to rental charges over time.
- Ensure that the monthly fee is fully inclusive of all charges.

- Ensure that your critical data is completely safe and perhaps encrypted.
- Ensure that the provider has a valid portfolio of current clients and that they are a mature and stable company. Seek testimonials and contacts with current clients. Check their financials!
- Ensure that a method of migrating your data to another system is guaranteed in the event that your agreement is concluded for any reason.
- Ensure that the provider meets your requirements with regard to support and that high quality support staff are available.
- Clarify the provider's exit or opt-out strategy should you decide to move to another ASP in the future?

Calculating the Costs

Providers will normally suggest that the total cost of ownership (TCO) of an ASP CMMS is less than 50% of that of a PC based, onsite hosted system. This may be true but you should carry out detailed research into the relative costs of the hosted system versus a locally installed system in your situation. The list below itemises most of the features that you should consider in any cost comparison.

Table 1:

Item
Software Capital Outlay
Hardware Capital Outlay
Application Software Licensing
Other Software Licensing (MS SQL, etc.)
Software Maintenance
Network Management
Data Backup
Disaster Recovery
Database Administration
Operating Costs
Personnel Costs for System Support
Training
Software Support
Implementation Costs

In conclusion, there are very few real arguments left against ASP software. Modern IT and web technology have ensured that ASP will become more and more popular. Forecasts suggest that this market will grow by 10% per year for the next four years. For many companies this will be the future of their CMMS. It is easy to see why when you consider that many of the items in the table above have no costs associated with them on an ASP solution making it much easier to justify and demonstrate a return on investment on these systems. **PWE**

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