Who's Becoming an ASP Customer?

Yupi Internet Inc. (Los Angeles, Calif.,www.yupi.com), a company that operates a portfolio of Spanish-language Web sites, is giving thousands of its home-page users access to advanced home-page creation technologies based on the proprietary application offered by an ASP, HomePage.com (Los Angeles, Calif., www.homepage.com). HomePage.com's easy-to-use home-page authoring application will replace in-house technology that has been used by MiCasa Yupi users to create their pages, but the changeover will be seamless, according to Gustavo Morles, senior vice president of Yupi Internet.

"Our community grew to a point that we decided it would be better served if we used an outsourcer for this service," Morles explains. "We define our community as a 'clean, well-lit place,' and one reason we selected HomePage.com was because their administration tools allow us to maintain it as a friendly, family-oriented place" on the Web.

HomePage.com's home-page application service includes administrative tools that enable Yupi to ensure that no one abuses the opportunity to build their own free Web page by putting inappropriate material on the site.

A CLEAN, WELL-LIT PLACE

"We wanted to make sure that our material didn't include anything like that, and we are very happy with the service HomePage.com is providing," Morles explains. Yupi Internet is the oldest Spanish language community of Web masters, according to Morles. "We have over 300 new registrations per day, and more than 90,000 members with home pages."

Tim Cahill, HomePage.com's chief executive officer, says Yupinautas will be able to set up personalized home pages for themselves under the MiCasa.Yupi.com domain, where each user will have 10 megabytes of free Web space and an easy-to-remember Web address.

This fall, HomePage.com announced it would begin hosting the entire Vignette Corp. (Austin, Tex., www.vignette.com) V/5 eBusiness Application Platform, which is a suite of scalable applications for managing Web site content as well as building relationships with online customers, Mr. Cahill says.

Vignette's applications include tools for assessing e-business strategies, retaining customers, generating brand affinity, and managing commerce. The Vignette V5 eBusiness Application Platform will be provided to clients via HomePage.com's secure network, which Mr. Cahill says features round-the-clock hosting and monitoring.

VIGNETTE REACHES FOR NEW USERS

In mid-September, Vignette announced that HomePage.com and eight other ASPs would begin delivering Vignette's V/5 eBusiness Application Platform. It marked the first time Vignette's powerful e-business solutions were available via a hosted solution, and will allow small-to mid-size companies–a new market for Vignette–to access its e-business applications.

"We have broken the barrier into the mid market by making the Vignette V/5 eBusiness Application platform available through ASPs," says Mike Vollman, Vignette's senior vice president of sales and services. "ASPs allow emerging companies to take advantage of the same Vignette products that power the most-trafficked sites on the Web. Our ASP strategy allows us to make the Vignette solution available to all companies that are serious about e-business, regardless of their size:

In addition to HomePage.com, other ASPs delivering Vignette's solutions are:
- Accumedia (Boulder, Colo.)
- Agiliti (Minneapolis, Minn.)
- Breakaway Solutions (New York, N.Y.)
- Center 7 (Draper, Utah)
- Interpath Communications (Morrisville, N.C.)
- Mediablox (Mentor, Ohio)
- R.R. Donnelley (Chicago, Ill.)
- Surebridge (Lexington, Mass.)

SMALLER BUSINESSES CAN REACH VIGNETTE

By partnering with ASPs, Vignette makes its powerful e-business platform available to small and mid-sized companies that have traditionally been unable to take advantage of robust e-business solutions. Because ASPs build, host and manage the Vignette solutions on behalf of their customers, ASP users are free to focus on core business strengths instead of spending scarce time and resources on application development and systems management.

Vignette, which has more than 500 customers, has created a platform that integrates three important capabilities, allowing its users to engage Web visitors with personalized interactions that are designed to stimulate buying and strengthen loyalty, according to Shawn Willett, senior analyst of Internet commerce for the IT research and strategy firm Current Analysis, Inc., (Sterling, Va., www.currentanalysis.com).

"The content management capabilities are designed to increase the efficiency of team-based Web-site production, and the personalization capabilities adapt the sites' presentation, navigation and content based on customers' preferences and actions," Mr. Willett says. "The decision-support capabilities allow businesses to analyze customer preferences, examine demographic segmentation and determine the popularity of individual products and services."

ONLINE GROCER USES ASPs HOSTED VIGNETTE SYSTEMS

ExpressPantry.com (Orem, Utah, www.expresspantry.com) spent 11 months evaluating e-business application alternatives before settling on Vignette, according to Robert Smith, vice president of operations for ExpressPantry.com "Through an ASP program offered by Center 7, we were

able to place our technology needs in their hands," Mr. Smith says. "Our time to market was cut by 75 percent and the learning curve is almost non-existent because of Center 7's prior experience with Vignette."

Center 7, Inc. (Linden, Utah, www.center7.com) was formed by the Canopy Group, which is Novell founder Ray Noorda's venture capital company. Center 7 integrates e-business, storage, and enterprise management technologies used to design, build and operate business solutions.

GUNG-HO OVER ITS ASP

John Wade, president of Gung-Ho Company (Cupertino, Calif., www.gung-ho.com), believes that a creative approach to information technology supports his company's flexible business model and hence its ability to meet its customers' expectations. Gung-Ho, which manufactures and distributes printed materials like books and packaging, as well as software and other media, relies on an Internet-based platform to integrate its manufacturing and distribution operations in facilities worldwide.

The Gung-Ho Enterprise Network and Information Exchange system–or GENIE–is accessible to Gung-Ho's customers using a secure Internet portal it calls GOLD, for Gung-Ho On-Line Data system. Using these tools, Gung-Ho customers can place their orders online or obtain real-time information about the company's manufacturing and distribution processes. Wade says that GENIE and GOLD–specifically the ability they create to communicate with customers and suppliers in real time over the Internet–give Gung-Ho the power to execute its business strategy efficiently.

The manner in which the company manages GENIE and GOLD is also crucial to its success, he says. Like a growing number of medium-sized manufacturing and distribution companies, Gung-Ho gets the bulk of its information technology needs met through a contract with an ASP, in this case ManagedOps.com (Bedford, N.H., www.managedops.com). ManagedOps.com has a full-service ASP program designed specifically for companies with $10 million to $250 million in annual revenues.

DEPLOYING ENTERPRISE APPs

ManagedOps.com specializes in helping these companies deploy the Great Plains enterprise resources planning (ERP) pack-

age, along with the market-leading customer relationship management (CRM) package from Siebel Systems, in whatever way is appropriate to address their individual business needs. The service also includes linking these applications to the Microsoft BackOffice suite of products, including the SQL Server database, and to utilities for conducting electronic commerce.

All of these resources are housed in a secure data center, complete with a help desk, that is up and running 24 hours a day. ManagedOps.com customers have unlimited, easy access to their applications and data through thin-client interfaces. ManagedOps.com also has the expertise to help its customers establish the necessary electronic links for exchanging information with their supply chain partners and then integrating that information with the customers' core business processes. The company signed its initial contract with ManagedOps.com just when it was about to begin a very important project. Only six weeks after signing up for ManagedOps.com's service, Gung-Ho was to begin delivering a huge allotment of the Kiplinger Tax Cut tax software program for Block Financial Corporation, the parent company of the H & R Block tax service. Block also publishes numerous legal and business software programs.

During the first week of this project alone, Gung-Ho was expected to manufacture and distribute 1.2 million packages of software. "That's more than 200,000 packages a day, and we had to deliver them to as many as 15,000 different locations," Wade recalls. "We shipped them from our facilities straight to Block's customers. Sometimes that meant shipping to an individual Staples or OfficeMax store. Sometimes it meant shipping to a large Wal-Mart distribution center. Either way, we were completely in charge of manufacturing and delivering those products. And our contract called for us to pay a $100,000-a-day penalty if we didn't deliver on time."

A JOB WELL DONE

When the job was completed, Block informed Gung-Ho that it was missing shipment confirmation data on only 5 packages of the nearly 2.5 million that had been shipped. Gene Goldenberg, Block's senior vice president, software and e-commerce, calls this performance "remarkable."

ManagedOps.com took over the bur-

den of installing and managing the infrastructure for GENIE and GOLD, leaving Gung-Ho's personnel free to develop software programs that could manage the manufacturing and distribution processes. "We had a lot to worry about in terms of project management," Wade says. "Because of ManagedOps.com, we didn't have to worry about the computer systems."

ManagedOps.com secured all of the hardware that was necessary to run GENIE and GOLD, in addition to installing the Great Plains ERP software and the Microsoft BackOffice pieces that were needed for additional support. With those issues covered, Wade was free to work with a group of software programmers–also hired by Gung-Ho on a contract basis–to create custom code that would make GENIE move goods through Gung-Ho's virtual supply chain in the most efficient manner.

NO IT STAFF NECESSARY

"Being a virtual company, we have no in-house IT staff," Wade says. "We view ManagedOps.com as a partner who handles that aspect of our business." Wade also says ManagedOps.com's entire service is less expensive than having even a single IT person on staff.

"If we had an IT specialist on staff, that person would have to be knowledgeable in many areas–Great Plains, FTP protocols, the Web," Wade says. "Even someone with only part of those skills would be more expensive than the ManagedOps.com service. For a medium-sized business like us, the ASP model is definitely cost-effective."

WIRELESS ASPs CATCH ON

ePhones, formerly Totally Wireless, was an early mover in Internet commerce. The brick-and-mortar retailer based in Fremont, Calif., launched its first e-business venture in 1995. Four years later, its relationship with OneSoft Corporation, a McLean, Va.-based Internet commerce application software and services provider, enabled the company to reinvent itself as a wireless application services provider (ASP). Using OneSoft's OneCommerce wireless ASP solution, ePhones currently powers wireless Internet sites for more than 175 wireless and Internet retailers in the U.S., including such large retailers as Outpost.com and Costco. In less than a year, it has built an entirely new revenue channel

that continues to grow.

Following OneSoft's ASP model, ePhones can readily equip its resellers with multi-million dollar sites; retailers can move into e-commerce in as little as 30 minutes from contract signing. In return, ePhones earns a profit share from each partner transaction. OneSoft provides the software infrastructure for direct sales and for all of ePhones' channel sales, including application management from Web hosting to site maintenance. Although founded on a single hosting infrastructure, each reseller has a separate presentation layer that enables it to use its own private label.

"Our software is particularly well-suited for private labeling because it's 100 percent native XML-based," says OneSoft founder and chairman Jim MacIntyre. "As a result, we can change the presentation layer without changing the components of the underlying site."

WIRELESS PRODUCT SALES ARE COMPLEX

In selecting OneSoft, ePhones sought a solution that would offer the flexibility to manage content and the complexity of product offering–while giving resellers the opportunity to customize their sites. "Selling wireless products is much more complicated than other kinds of sales," says ePhones C.E.O. Mike Merrill. "All customers must first be qualified based on where they live. Then e-retailers must make sure they're displaying only the phones and devices that will work in each customer's region. With four different digital technologies in the U.S., and five different carriers in every city, establishing a nationwide product offering is a monumental task."

"OneSoft was uniquely able to handle our complex needs," he says. "They could pull all the modules together–a critical capability, and they tied together the front end and the back end with XML connectors. This gave us the ability to connect to middleware programs and share information with our legacy systems."

Where most wireless retailers offer just one or two services, ePhones allows them to sell and support products from over 40 carriers nationwide. The Web sites are designed to give customers all the wireless options and enable them to find the most economical and efficient choices available. ePhones manages the entire customer trans-

action, including sales, activation, programming and fulfillment, as well as customer service and support.

ONESOFT PROTECTS DATA FROM DISASTER

Along with its OneCommerce software, OneSoft also offers high-end dedicated hosting that includes:
• Single point of accountability
• Maintenance services
• Availability of one-time license fee or subscription for the software
• Flat monthly hosting fee

"What we provide for ePhones is a reliable, scalable, intelligent system," says Charlie Church, a former submarine commander who now commands OneSoft's Network Operation Center (NOC). The NOC manages the risk for its customers, from building redundant systems to crafting automatic disaster recovery plans that, in case of a technical glitch or natural disaster, will have them back online within moments.

"We can host, monitor, and remotely manage our branded software for our customers," Church says. "That lets a company's IT staff focus on what they do best by letting us do what we do best for them."

ONLINE AUTO SHOPPERS JUST PUSH TO TALK TO A LIVE REP

When Autobytel, Inc. (Irvine, Calif., www.autobytel.com), an online marketplace for buying, selling and maintaining cars, wanted to ramp up customer service, it looked towards new Web-enabled call center technologies like Push-to-Talk. By adding a button to its Web site, its customers would be able to ask to speak with a customer service representative with a click of the mouse over the Internet. At first, Autobytel considered building the solution in-house.

"We have a strong IT department that is pushing the cutting edge of e-commerce," says Marc Bonanni, corporate counsel for Autobytel. "But we also have a duty to our shareholders to use that talent where it is better served."

Ultimately, Autobytel decided adding this service using an ASP would not only free its IT staff of an additional burden, but would also save time and money. eFusion was able to turn on Autobytel's service in just two days, according to Bonanni.

SAVING TIME AND MONEY

"Based on our analysis, it would have cost hundreds of thousands of dollars to host this type of technology. With eFusion, we saved that initial investment and are using the service for the cost of a toll-free phone call–95 cents per call." eFusion, Inc. is now known as ITXC Corp. (Princeton, N.J., www.itxc.com) following a mid-October acquisition by the Internet telephony provider.

Another benefit of using an ASP-delivered system is the minimal initial investment that is required. "Autobytel can take the risk and investigate this superior form of customer service without reporting back to shareholders," Bonanni says. "If it didn't work out, or eFusion didn't work out, Autobytel had not made a long-term investment of commitment."

Jeff Gaus, vice president of marketing for the former eFusion, says the ASP model has bolstered eFusion's business to a remarkable extent. Before switching to the ASP model, it was difficult to convince customers to try the relatively unproven service because deploying Push-to-Talk in-house would have cost "well into six figures," according to Gaus.

DROPPING BARRIERS TO ENTRY

"We became an ASP to eliminate barriers to entry for the use of our service," Gaus says. "Intuitively, I can argue that we can increase business and customer satisfaction but I can't show return-on-investment (ROI) calculations. Therefore, we had to have very forward-thinking customers that were willing to take a chance. We could measure our potential candidates in the tens to low hundreds.

"Now that we are in the ASP business, the algebra of how to calculate our market is straightforward–companies that have a domain name or an e-mail address, plus a phone number," Gaus says. "That's a pretty big market. By eliminating the barriers to entry in terms of capital expenditure and human resources, we've been able to entice new distribution channels for us, like direct mail companies, digital design firms, freelance Web masters, and people with Rolodexes."