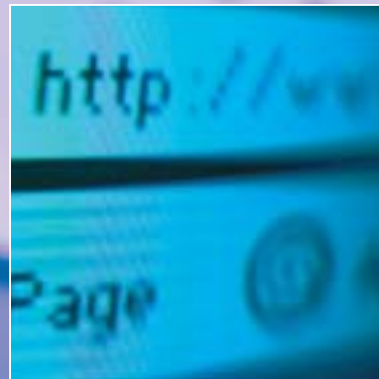


What are hosted applications?

What are the benefits?

Deciding to use them

Implementing them



# Hosted applications and supplying electronically

## □ What are hosted applications?

Hosted applications are services and software applications maintained on powerful servers that are delivered electronically across the Internet. They can help your company to increase its effectiveness in electronic supply chains.

Many supply chains are driven by large organisations that have the resources and the clout to develop industry-wide electronic tools and insist that their suppliers adopt them. Companies that want to supply electronically can find themselves excluded because of skills shortages or the high capital costs involved in employing these electronic tools. Hosted applications provide a simple, low risk mode of participating.

Hosted applications have something to offer at every stage of the supply chain. With major players like Microsoft and Oracle already committed to the concept of delivering services across the Internet, they look set to become a familiar part of the e-commerce landscape.

## □ What are the benefits?

Hosted applications can be thought of as an electronic form of outsourcing. The advantages of outsourcing are acknowledged by organisations of all sizes.

There are a number of benefits that apply to whatever type of business you are.

- **Save money.** All you need for many hosted applications is an ISDN or broadband connection. Capital expenditure on IT hardware, software and training can all be significantly reduced. Plus, you tend only to pay according to how much you use the service.
- **Save time.** By outsourcing administrative functions like payrolls or scheduling you can free up time to concentrate on more productive activities. *EasyTIMESHEET.com* and *sageenterpriseapplications.com* are two such applications.
- **Ease of use.** Most hosted applications use familiar interfaces such as web browsers and/or commonly used software like Sage or Microsoft.
- **No headaches.** Because systems are maintained and developed by the providers, there's no need for in-house technical support. You get upgrades automatically.
- **No new software.** Most hosted applications include standard, two-way XML and EDI-based communication links so if you need to transfer data between your existing systems and a hosted application it should be straightforward.

- **Access to new markets.** You can use hosted applications to follow up business opportunities, which the cost of acquiring dedicated software would have made prohibitive.
- **Scalability.** Possibly the most compelling feature of hosted applications as a technology platform is the fact they can be implemented incrementally.



## □ Deciding to use hosted applications

There is a hosted application for almost every business problem. Some of these can be rented and are offered through specialist distributors called Application Services Providers (ASPs); others are charged according to a pay-per-use model.

Here are four areas in which hosted applications can make an immediate difference to the performance of your business.

### Communications

Using a web-based server to run e-mail and other communications technology over the Internet allows people to work remotely and reduces or removes internal network requirements. Microsoft's *Exchange* is a popular service of this type – available in the UK for around £20 per user per month.

### Data storage

You can lease remote storage space. Through providers like *Boxxmail.com* you can rent a virtual file server across the Internet. This can offer a cost-effective method of supporting teleworking, sales teams and off-site back-ups rather than investing in your own server, and the software and technical staff to run it. *Boxxmail's* service starts from £2 per user per month.

Midlands-based carpet manufacturer Planet Carpets has linked its stock and ordering system to 4textrade, the electronic textiles marketplace.

### E-commerce

You can use a hosted application to set up an online storefront facility from your web site. *Yahoo!* is one of several; its building and hosting service costs around £35 per month plus transaction fees. Trading hubs, which are often sector-specific are another hosted solution that can be used as an alternative sales outlet or to source materials. Costs vary from site to site.

### Customer service

Conventional Customer Relationship Management (CRM) software applications are expensive and complex to implement. Hosted alternatives can be far simpler to set up and run. Systems are available for as little as £40 per month per user that will handle sales activity, customer service and support, and marketing. Visit *salesforce.com* to see how such systems operate.

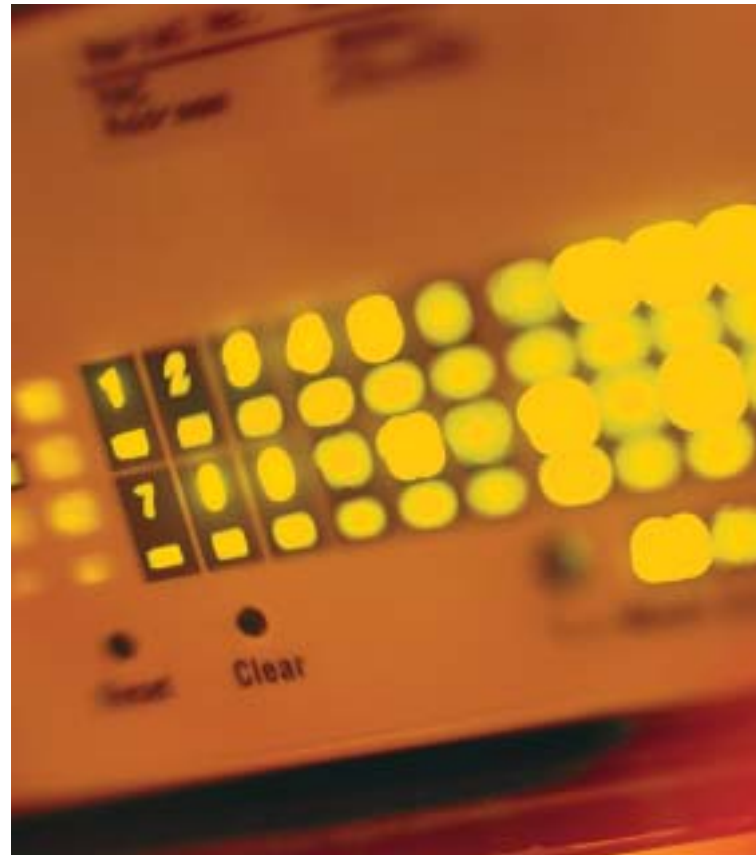
## □ Implementing hosted applications

If you think some of the supply chain processes you are involved with could benefit from hosted applications, here are the steps you should take:

- 1 Compare costs.** How does the cost of a hosted application compare with purchasing or renting the necessary software? How would it compare with conventional outsourcing?
- 2 Choose a route.** Most hosted applications are delivered either through an ASP (Application Service Provider) that charges a regular fee, or on a pay-as-you-go basis – as in the case of electronic auctions for instance, which charge a commission on trades. Which of these routes would suit you best?
- 3 Sign up for broadband.** Do you have a broadband internet connection? You will need one. Broadband is currently available in the UK at a cost of around £30 per month. Factor this into any cost/benefit analysis.
- 4 Consider security.** You need to be sure that providers of your hosted application are treating confidential data in a secure fashion – look for 128 bit secure socket layer (SSL) encryption and the use of recognised security devices such as Verisign.
- 5 Check the terms of service.** What would happen if the system went down for any length of time? What guarantees or back-ups does the provider offer?

### What next?

Are any hosted applications already in widespread use within your sector of the business community? Check with customers, suppliers, and your business partners. Also talk to other organisations like your Internet Service Provider (ISP) and any relevant trade associations.



### Other useful web sites

[www.byworkwise.com](http://www.byworkwise.com) – basic ASP applications, some of which might be applicable to your business.

[www.thedatecompany.com](http://www.thedatecompany.com) – an easy to understand example of a functional hosted application with an online example for you to try.

[www.microsoft.com/exchange/default.asp](http://www.microsoft.com/exchange/default.asp) has details of the company's virtually hosted communications offering, available through [netstore.com](http://netstore.com) in the UK.

[www.ecommerce.iosis.net](http://www.ecommerce.iosis.net) – a good place to look for an electronic trading community that covers your sector.

[www.timberweb.com](http://www.timberweb.com) and [www.cpgmarket.com](http://www.cpgmarket.com) are examples of hosted e-marketplaces.


[www.aspisland.com](http://www.aspisland.com) lists many of the main ASPs by type.

[www.ispreview.com](http://www.ispreview.com) [www.seg.isdn.shop](http://www.seg.isdn.shop) and [www.broadband.com](http://www.broadband.com) allow you to compare and price various Internet connection options.

[www.oracle.com](http://www.oracle.com) is a useful general information resource about hosted applications.



# Further help and advice



For more information on hosted applications, and a wealth of other information, visit our web site at [www.ukonlineforbusiness.gov.uk/supply](http://www.ukonlineforbusiness.gov.uk/supply)

You can find specific information on *Application Service Providers (ASPs)*, *Broadband*, *Online auctions* and *Trading hubs* in other information booklets available from *UK online for business*.

To find out details of your local *UK online for business* adviser:

- Call the *UK online for business* Infoline on 0845 715 2000
- Visit our web site at [www.ukonlineforbusiness.gov.uk](http://www.ukonlineforbusiness.gov.uk)

Other leaflets in this series of technology guides include:

CAD/CAM	Integrating business systems
CRM	Online auctions
EDI	Order tracking
EPOS	Supply Chain integration tools
Extranets	Trading hubs

The *Supplying Electronically CD-ROM* will give you information about working in supply chains.

They can be obtained from the Infoline or the web site.