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Internet savvy for insurance experts

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Interview

Mark Parrish Explains ASPs, Ajasent

Recently we had a chance to catch up with Mark Parrish, long time industry consultant and now founder of Ajasent, a Vertical Service Provider that hosts a variety of agency management systems and other agency software. He explained how the ASP (application service provider) concept applies to this industry, when it makes sense for an agency, what to look for, and what Ajasent is up to.

by John Ashenhurst

JA: For the last year or two, agents have been hearing about ASPs. What is an ASP and how does the concept apply to agencies?

MP: Actually, the idea of hosting management systems goes back at least to 1995 when I spent some time with Dick Eagle at AGENA talking about hosting AfW. By hosting I mean the server is sitting in our data center instead of your office and we are taking care of all its needs instead of you.

I assume you are asking what an ASP is, since an ASP is an ASP, regardless of industry. Actually in the insurance industry we have VSPs, Vertical Service Providers — ASPs that cater to a specific market niche.

But here's the "official" definition of an ASP: An ASP is a company that hosts applications on centralized servers. Simply, ASPs are companies that remotely host, manage, and deliver computer applications from an off-site location. ASPs exist to reduce or replace the ever-growing IT infrastructure that has taken up substantial resources at larger companies and has created a gulf between them and smaller companies that don't have the same resources. At a minimum, an ASP hosts applications, but not all ASPs sell or deliver applications to end-users or provide application technical support.

Originally, an ASP was a company that took a piece

of software and marketed it for a software vendor by offering it from their data center, instead of the vendor selling and delivering software to individual businesses.

Currently, there are two ASP types in the insurance industry: 1) the ASP that is owned and operated by the software vendor (Applied, AMS, DORIS) and the ASP that is independent from the vendor, hosting a variety of vendors' software. Ajasent is the latter, and as far as I know, the only one in the country doing so. I classify ASPs into three categories

1. A true ASP hosts an application and offers it on a monthly, per-user basis instead of selling the software for a lump sum and having it installed in the agent's office. Applied, AMS, and DORIS are examples.

2. A hosted infrastructure ASP offers access to their servers and hosts software that you need to run your business. The agency pays for the hosting

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service and pays the vendor for the software. This is Ajasent.

3. A managed co-location ASP offers their infrastructure, but the agency purchases their own servers and puts them in the ASP data center. The data center manages the servers, does backups, loads updates, and provides support. In some ways, this provides the most flexibility for the agent. They can move their servers at any time to their own offices or to another data center. However, capital requirements are much higher due to buying servers. In this case, as above, the agent pays a hosting fee and still pays the vendor for the software and software support.

JA: How can an agency know whether an ASP solution would be relevant for them? What are the pros and cons of the ASP approach?

MP: ASPs offer a number of advantages over having what amounts to a data center in an agency. Here's what's on my list:

- Rapid deployment of applications
- Application access to all users, regardless of location or form of network connectivity
- Leverage of all existing investment in hardware, software and network infrastructure
- No changes required for application software or agency hardware
- Elimination of the capital costs of upgrading PCs every two or three years
- Reduction of network bandwidth requirements to a fraction of what would normally be required
- Lower cost for and dependence on local technical support
- Possibility of "best of class" solutions
- Increased "uptime"
- Improved productivity
- Elimination of frustrations normally associated with technology
- Agency can focus on core business rather than technology

JA: What about possible disadvantages associated with the ASP approach? Surely there must be some.

MP: In our experience, not many. But occasionally agents have connectivity problems. The Internet slows down or someone cuts a cable locally. But my guess is that agents have more uptime with an ASP solution than they

do running their own system in the agency. Printing can be a bit of a problem as well. Not all printers work in the ASP environment, and once in a while a print queue needs to be cleared out. All in all we get very few support calls. It really does work.

JA: If an agency wants to consider going to an ASP, what should they look for?

MP: First, I would say industry experience, including experience with the software you need to host. Second, a data center that has, at least, the basics — security, backup power, fully staffed technically, offers 99% uptime, and some redundancy within their servers and Internet connectivity.

There are many more features a data center could offer, but cost becomes a factor. "Tier 1" classification, geo-



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graphically redundant data centers, and hourly snapshots of data are examples. But I've found that agents don't want to pay for the upper-end data center. They would rather have a good feeling about the person they are dealing with, that he or she understands their business, and that the technical basics are covered. This may change as larger, more sophisticated agencies start to see the benefits of ASP. I could foresee their demands being higher and thus willing to pay for it.

JA: What should an agency expect if it uses an ASP? How will an ASP solution be different from software running locally?

MP: The worries we normally hear are that the software will not run as fast, that it will lock up, or it will look different. But we've found just the opposite. There is no significant difference as far as users are concerned. Accessing the software may be a little slower, simply because a lot is happening when you first connect to a remote session. Once in, the software is very fast, even on dial-up. We recently had an agent with eight users switch to our data center over a weekend and he did not let the

staff know. Monday morning, the staff came in and wondered what happened to speed the system up so much.

JA: What sorts of contractual issues come up? What should an agency pay attention to?

MP: The biggest one is to make sure you own your data and can get it when you want it without delay. We suggest to our users that they keep a local PC loaded with the application software. Then we can provide them with a backup as often as they want it. If needed, they could go live locally in a few minutes.

The ASP should provide a Service Level Agreement that specifies what percent of the time you will have access and what happens if you don't have it. An agreement should also include a description of deliverables, what constitutes proper performance, pricing, maintenance and support provisions, security arrangements, and a process for termination and any penalties

JA: Your company, Ajasent, is an ASP for agents. What does it offer and what makes it different from other industry ASPs?

MP: Ajasent is a full-service VSP. We can host a variety of management systems, not just one. We host third-party software in addition to agency management software. We think this is an important part of making an ASP solution really useful.

Our consulting background means that we are more than a software hosting facility. We've helped our customers with technical issues not connected directly to us, such as with business plans and ideas, with hiring decisions, with strategic decisions, introduction of relationships to fill a need, with finding markets (several of our customers are new agencies and needed carriers), with getting set up with IVANS for interface, with finding a good Internet provider, and with help on support issues with their management system vendor. I guess we are very involved in the complete fabric of the agency, not just the technology.

We also do hosting for a carrier claims software company and for a national MGA that handles special events coverages using a non-standard insurance app.

We also include a complete intranet for our customers. This offers them e-mail, group calendaring, file storage, news, chat, etc. No one else does that. And by the way, we've created a low overhead company so we can provide our services at very competitive rates.

JA: What management systems does Ajasent host

and under what conditions them?

MP: We have active customers with DORIS and INSTAR currently and agreements to host for other vendors under certain circumstances. We really don't want to compete with the vendors and see ourselves as an alternative solution. For example, there are many agents that are clustering now and these agents usually have a diverse mix of systems. We can host all the systems for the group and help them make a decision on the final system that would best meet their needs.

Applied now has their SSP program — selected service provider — that allows the agent to choose the ASP that they wish to host their WinTam software. I recommend it be someone that really knows the software; if not, that can spell trouble.

JA: Does it make sense for agencies to delegate hosting of more than their management systems? For instance, should they have office productivity software hosted as well?

MP: I think an agency should have everything they use hosted. What good does it do to just outsource one application? That means you still have to do backups, software upgrades, and computer upgrades for the non-hosted software.

Therein lies the problem with a vendor hosting their own software — they only host their core software. What about the many other items that an agent needs to do their job?

JA: What are the differences between hosting Windows software through Citrix or perhaps Microsoft's Terminal Server and hosting native IP software?

MP: Basically, Citrix is totally reliable and easily managed. And printing is a huge issue with remote access — something that Citrix handles much better than terminal services. The difference in true Web software and the Citrix environment is that the typical software that agents use — software for management, rating, premium finance, MVR's, etc. — will not run except on a local network. Once you try to access it from outside the network, it won't work. Citrix is the layer that allows a remote user to control the software remotely.

True Web software is written with the browser world in mind. An example of this is NexSure's new agency management software. The software was written with a browser as the means used to operate it. Almost all of

the rest of the software in the industry was written before anyone ever heard of Windows Internet Explorer and requires the mediation of something like Citrix in order to be used remotely through the Internet.

JA: What do you see for the future of hosted agency automation? Will most agents gravitate towards it? Why?

MP: My guess is that within five years, 75% of agents will be accessing their software from a data center. Why? Because it makes so much sense. The costs are lower and agents are becoming more and more overwhelmed with technology.

JA: What's next for Ajasent?

MP: We are starting to add services to our technology offering. Soon, an agent will access other services that they can use in managing their business — marketing expertise, online customer access, agency management expertise, access to carriers, and access to HR resources for their customers. Our objective is to make our agents the absolute best-managed and most profitable agents in the country.

JA: Thanks, Mark. We'll catch up with you again soon to get more insight on the ASP world.

MP: Thank you. I look forward to it. ▼

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