

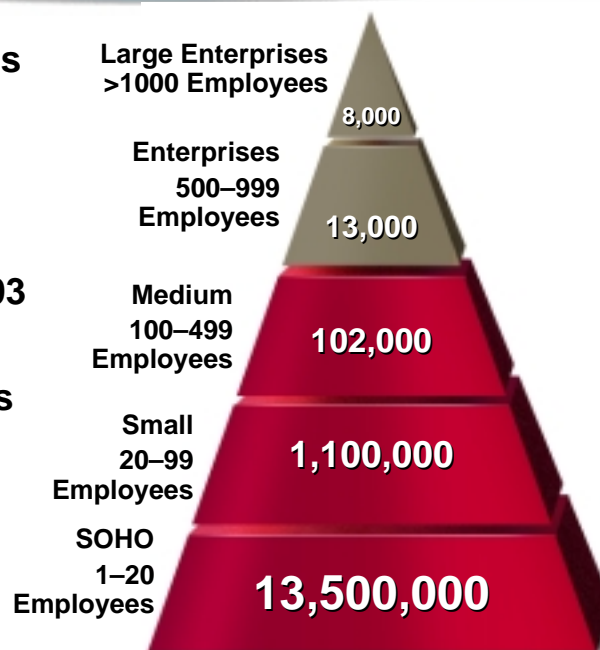


Agenda

- **Definition: What Is the ASP Market?**
- **ASP Market Drivers**
- **ASP Business Models**
- **Opportunities for the Service Provider**
- **Cisco Hosted Application Initiatives Update and Accomplishment Programs**

ASP Market Opportunity

- **Overall ASP market is expected to reach \$6.4B in 2001**
- **Enterprise ASP market expected to reach \$2.0B in 2003**
- **Over 300,000 emerging enterprises in the U.S. with revenues between \$40–500M, and IT budgets of \$5M or less**

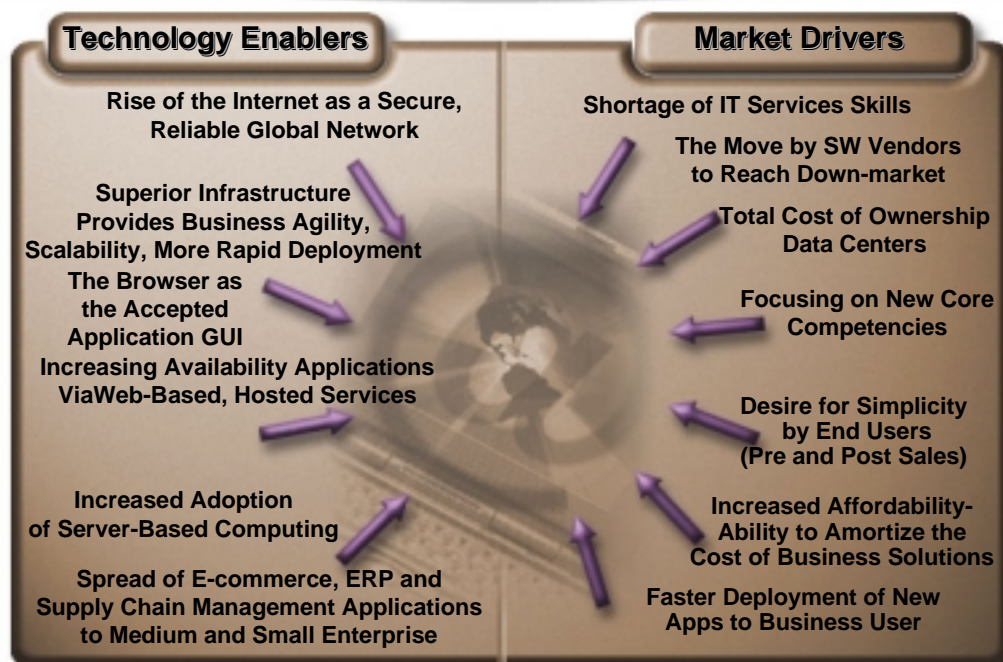


Source: C.E. Unterberg, Towbin, Forrester, Infonetics Research, IDC, Cisco

Definitions

- **ASP:** a company that in return for a subscription fee provides a total packaged application solution either directly to end user or through an AIP as part of a broader service offering; services include consulting, system integration, and access to an AIP providing circuit provisioning, hosting, billing and network management; an ASP typically deploys “one to many” sales model
- **AIP:** a company that provides co-location or hosting services, including circuit and or app provisioning services to an ASP or to an end user directly; management services include physical connectivity, operations management, integration, and back office services offering predictable SLAs and different class of application services; supports applications infrastructure in support of multiple ASP’s; the AIP is the “Mall”, and the ASP is the “store in the mall”

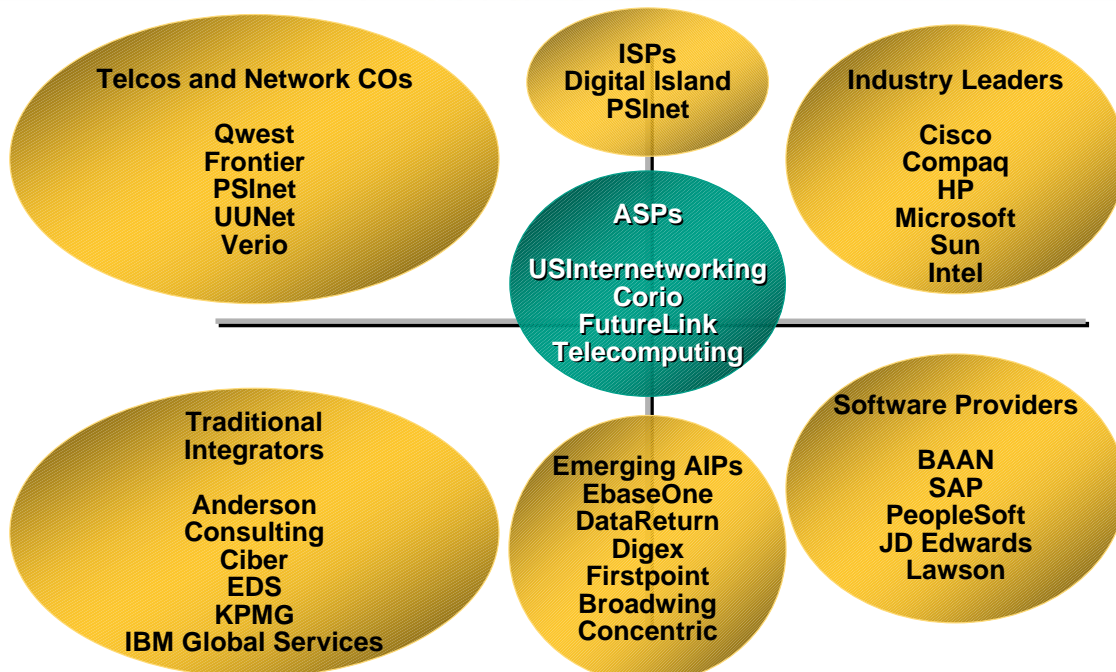
Technology and Market Shifts Are Driving the Opportunities for Asps



Cisco's Vision/Mission for Hosted Applications

- **Vision: Hosted Applications help every company participate in the Internet economy**
- **Mission: Enable and accelerate the hosted application market through industry leadership and industry-leading participants**

Emerging Models



Pure ASP: Major Challenges

- **Customers have identified major decision criteria in subscribing to ASP services**

Rank	Criteria
1	Application Performance; Security
2	ASP's Ability to Provide Comparable or Better Apps Service and Support
3	ASP's Responsiveness in Changing Business Conditions
4	Loss of Control over Corporate Resources
5	Unproven Business Model

- **These criteria are primary guides to success factors an ASP should work toward**

Source: NetworkWorld, 1999

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AIP Challenges

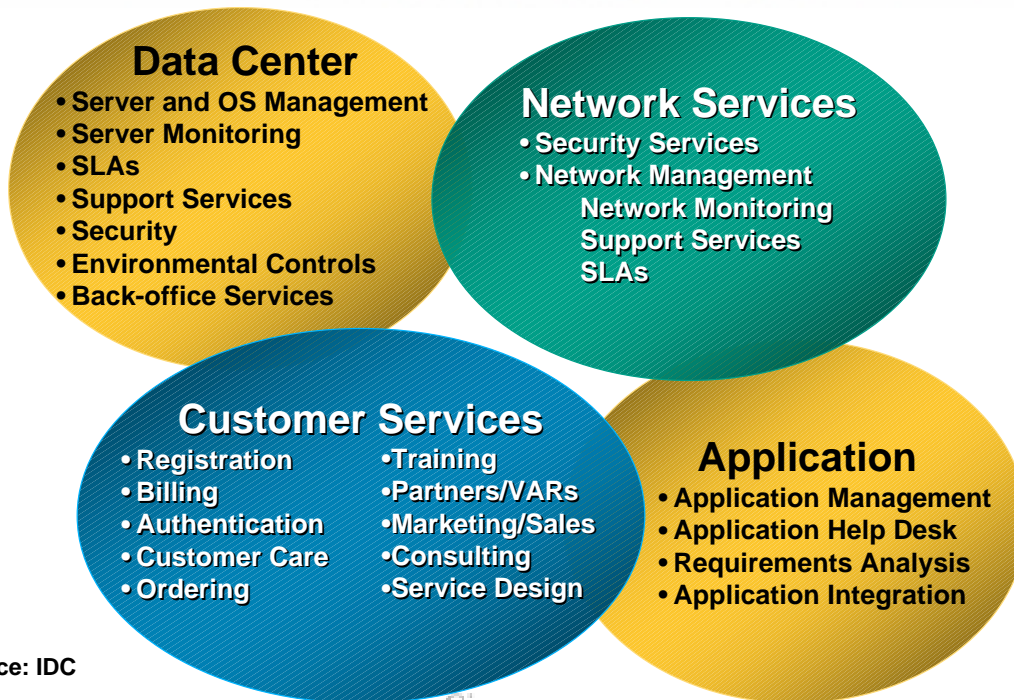
- **Security of mission critical data**
- **Losing control over mission critical applications and data**
- **Obtaining reliability levels**
- **Current investment in existing apps infrastructure**
- **Service design and provisioning**
- **License definition**
- **Policy definition**
- **Apps. performance reporting components**
- **Speed to implementation**
- **A common directory (policy, resources, companies)**
- **Customer embracing application services**

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AIP Infrastructure Core Services



Source: IDC

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How Far Up the Stack will AIP and ASP Deliver?



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Are ASPs Just a Return to Timesharing?

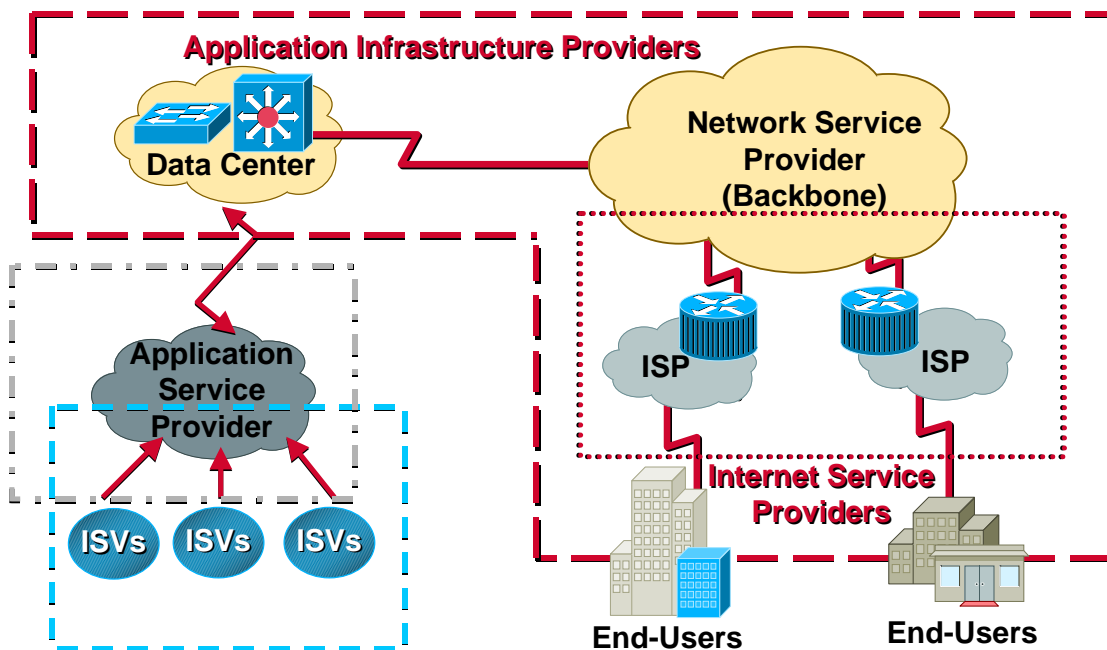
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ASPs are about Economies of Skills, not Economies of Scale

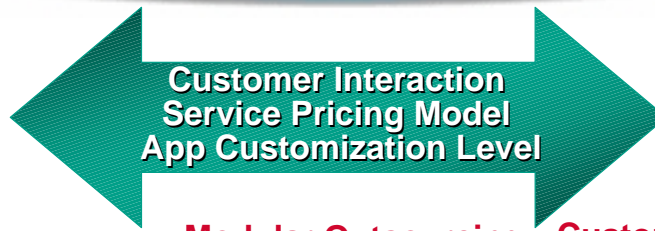
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Unidentified ASP Executive

AIP and ASP Models Emerge from Selected Core Competencies



Business Model Drives the Way They Go to Market



Instant On

- Instant On technology
- Clear, quickly profitable business models
- Inexpensive technology base
- Low cost of entry
- Best efforts Internet SLAs
- Self-service support

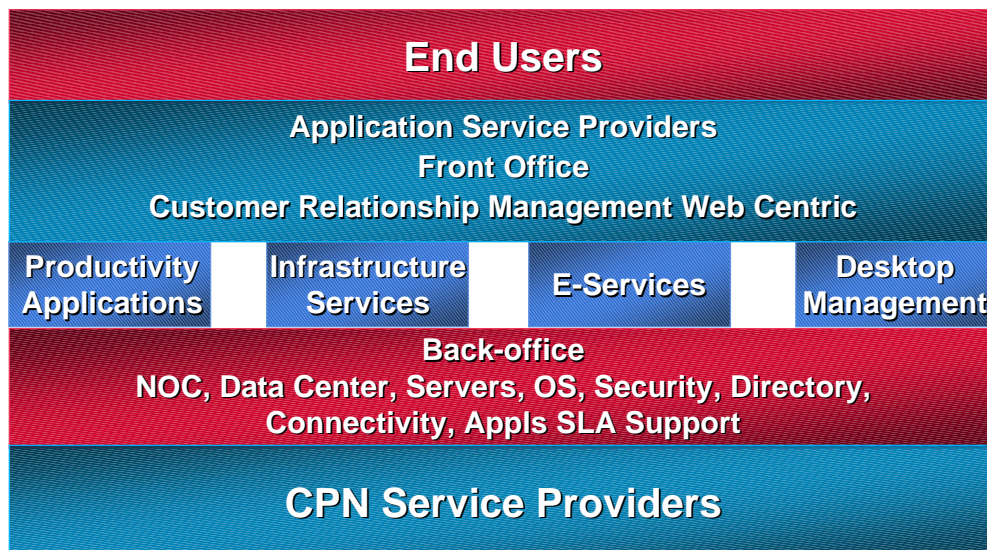
Modular Outsourcing

- Best practices methods and standardized tool kits
- Ability to pick and choose features deployed from menus
- Pre-defined SLAs
- Self-service and service center

Custom Outsource

- Enterprise-centric
- High SI component
- Custom pricing/SLAs
- Dedicated support

ASP/AIP Business Models



Which Applications to Target?



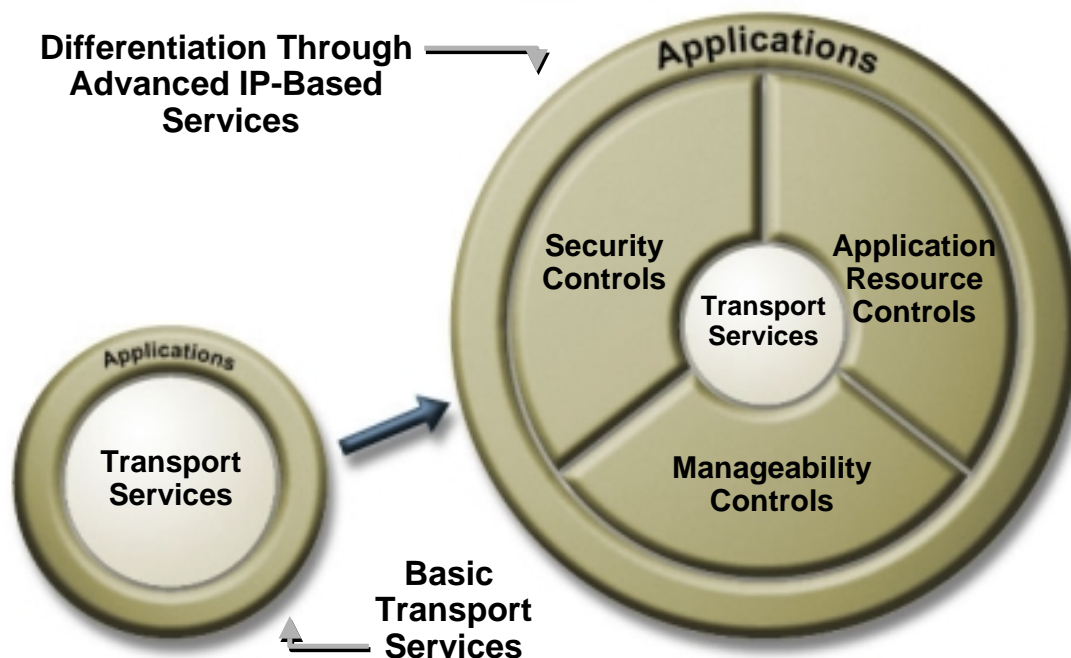
Source: Summit Strategies

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Intelligent Internet Infrastructure Enables Application-Aware Services



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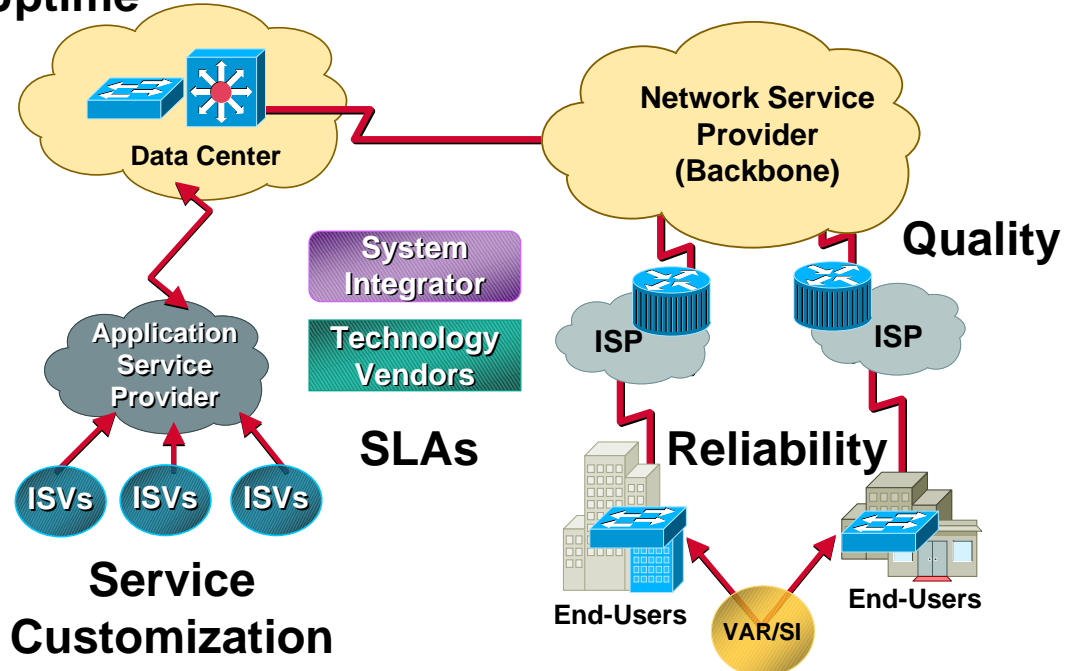
Customer Requirements

Quality of Service

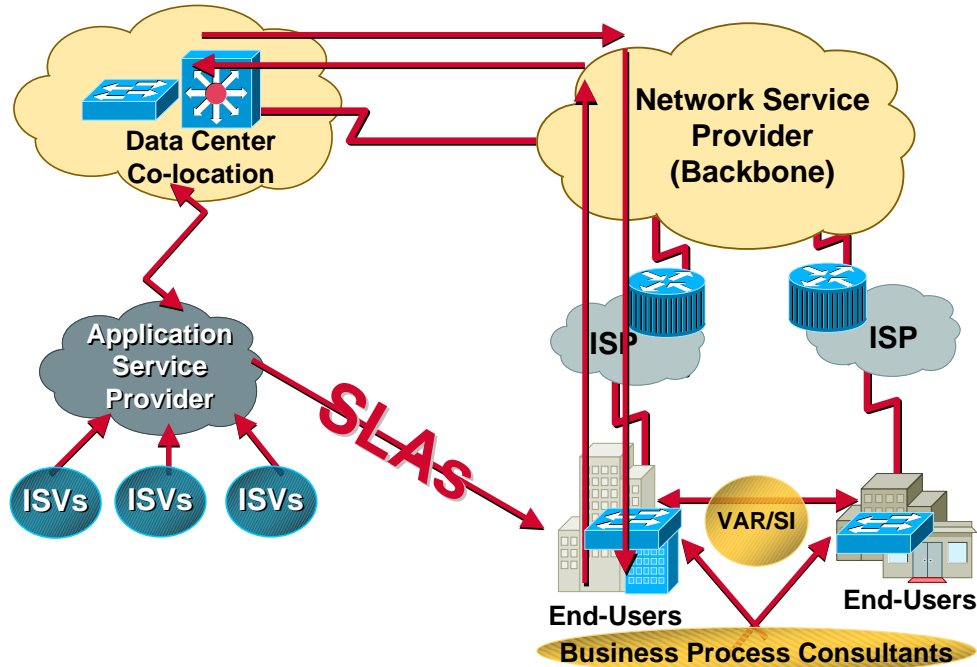


Hosted Applications Ecosystem

Uptime



SLA Focus Needs to Be on User's Experience



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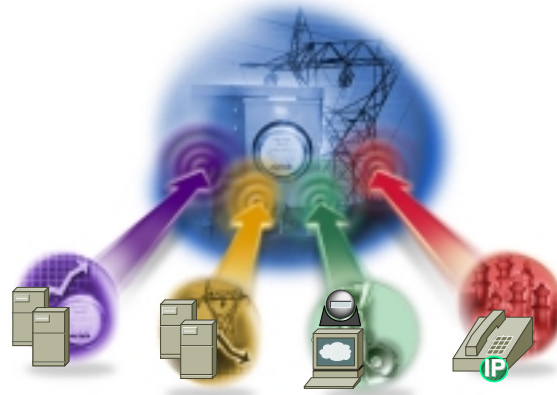
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Application Quality of Service Content Networking

**Based on a Packet's Content, Determine
Network Services and Behavior Such as
Routing, Quality of Service, and Security**

Internet

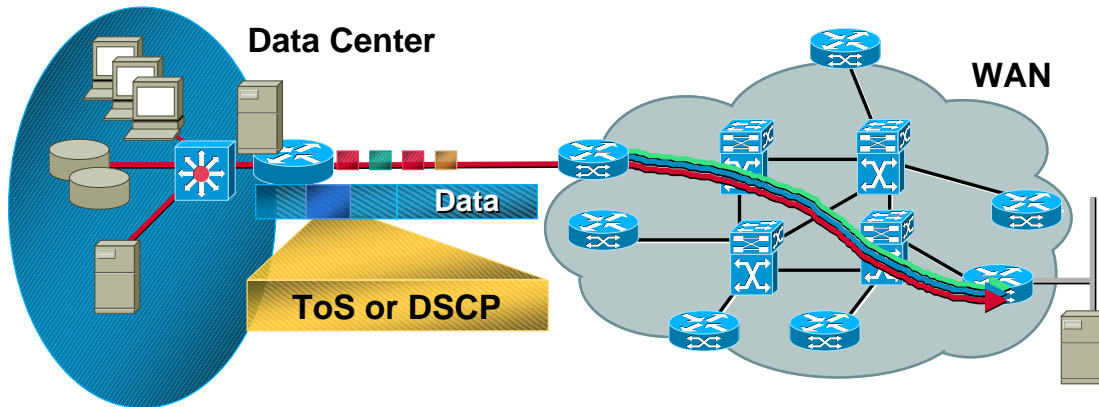


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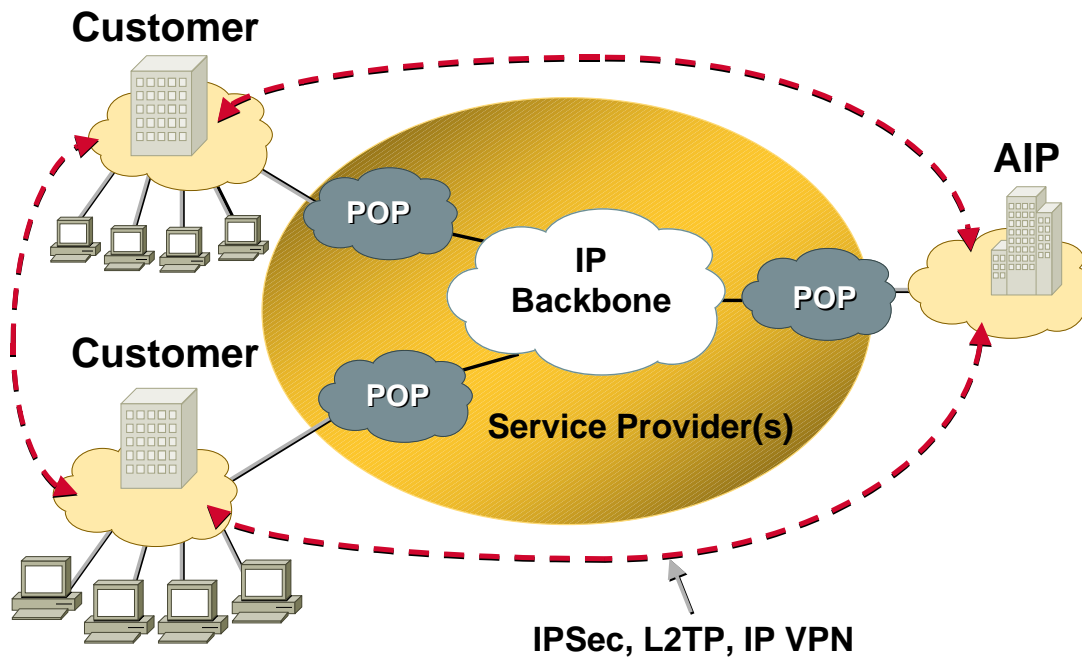
Differentiated Services



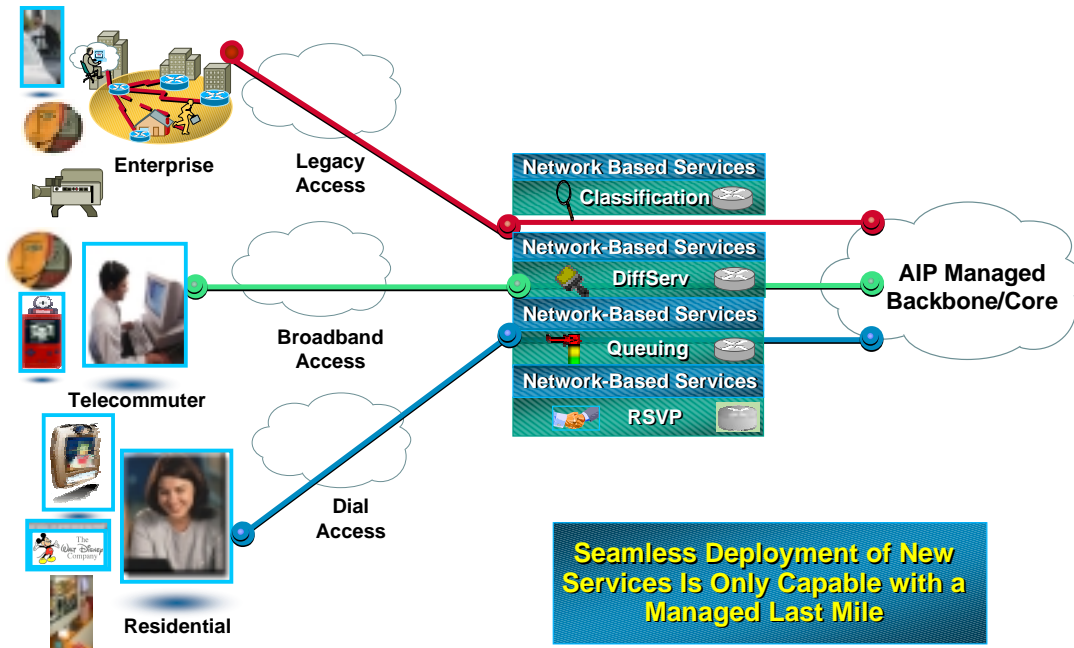
Traffic Classification by Application in the Campus and WAN Edge

Differentiated Services Provided in the WAN

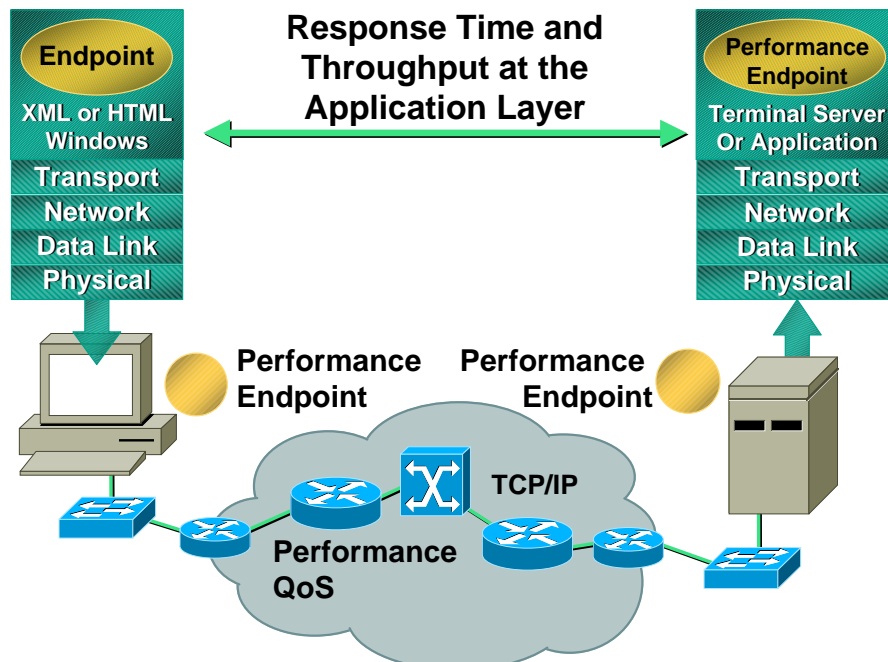
Security—Dedicated IP VPNs



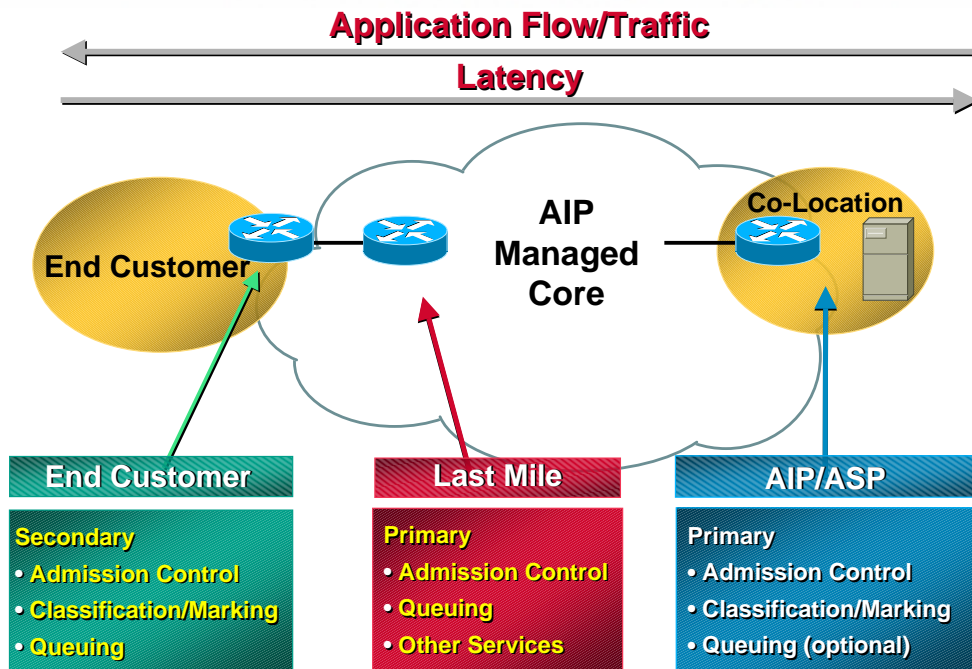
Network Edge Where the Last Mile Meets New Services



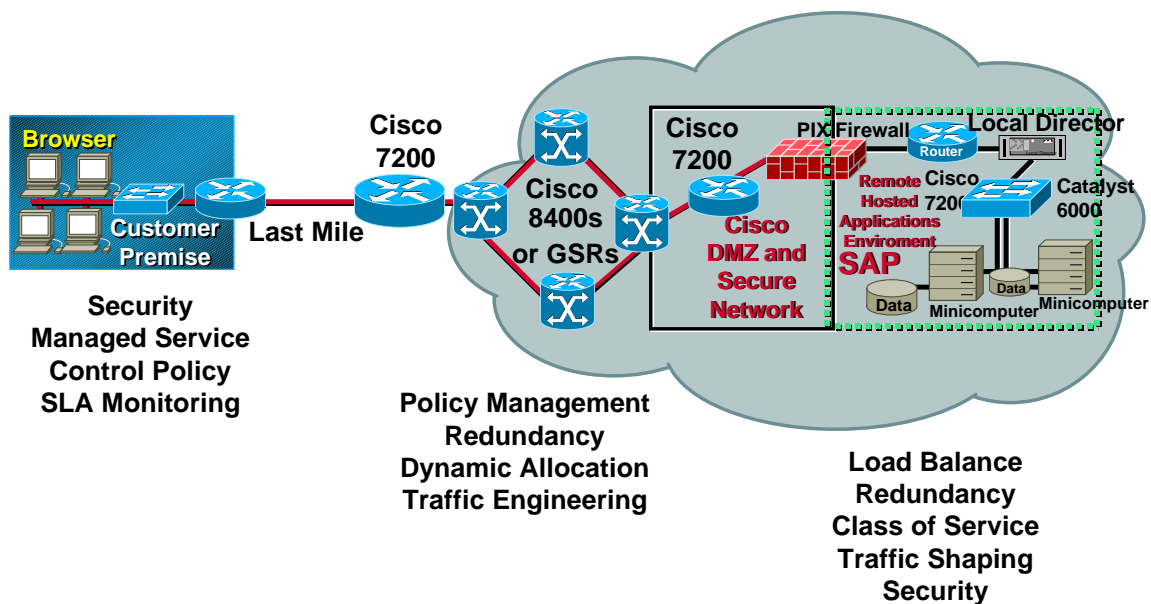
Application Quality of Service Model



The End-to-End Solution



How Does Hosted Application Network Integration Work?



EbaseOne Focus on Saleslogix

- Saw the Internet as a scalable hosting vehicle; partnered with Level 3, CPN SP last mile, Sun hardware and Saleslogix/Great Plains software vendor
- Used the 24 x 7 access and SPOC
- Leased data centers from level 3 as well as WAN backbone
- Delivery—Marimba
- Sales and marketing—direct and partner channels and ISVs channels
- Service—core infrastructure and package solution ASP



Managedops.com SI Becoming ASP for Great Plains

- Saw the Internet as a distribution of software package vehicle; partnered with Great Plains vendor to become the leading ASP
- Used the 24 x 7 global access of the Internet and virtual private application network and integrate and maintain various GP applications
- Use Frame Relay AT&T for the backbone and Last Mile CPN SPs
- Own data centers and servers for financial database
- Different level of application service packages with SLAs
- Service delivery—automation tools and integration of Metaframe

Cisco Hosted Application Conclusion

Helping Businesses Participate in the Internet Economy

- Bringing expertise
- Architecture models
- Product enhancement
- Joint technology development
- ASP LAB
- Ecosystems





Internet Hosted Applications: Markets and Technology

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Please Complete Your Evaluation Form

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