Application Software Provider (ASP) and Business Process Outsourcing (BPO): Planning and Implementation Tools That Work Hand-in-Hand.

A Special Executive White Paper

Prepared for AFSMI by:

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1. EXECUTIVE OVERVIEW

A. Introduction and Overview

The primary purpose of this white paper is to address the industry trends that are driving the Application Service Provider (ASP) and Business Process Outsourcing (BPO) markets and paint an accurate picture of the long-term benefits of utilizing such services. This paper defines and assesses these emerging tools for the services industry, and provides specific examples of how some companies are already taking advantage of the associated opportunities. A brief executive summary that lays a foundation for looking forward, and selecting the right ASP is also provided.

We believe that 2002 will be a year of continued creativity and flexibility with respect to these support services. As such, Supply Chain Planning (SCP) software vendors in the services arena will face the challenge of moving from merely serving in the role of a software vendor, to one of a true solution provider.

As long as companies with service parts inventory have the challenge of reducing inventory, while increasing customer service levels, in the face of increasingly limited resources and downsized budgets, there will be pressure on solution providers to rise to the occasion by offering new, innovative and more cost-effective ways to provide the required solutions. Thus, in the coming year, in order to become a credible solution provider, software vendors will need to provide additional services around their proprietary software that address the reality of limited resources and budget. We believe that this is where the true value of the Application Services Provider (ASP) and Business Process Outsourcing (BPO) providers will be. We further believe that these two support services go hand-in-hand with respect to providing a total solution to the services segment.

We define an ASP as "a company that provides the data center hardware, management, maintenance and support of software applications". However, we define the most valuable ASPs as those that can also support specific business-critical applications, such as Inventory Planning, on an outsourced basis. In essence, the ASP is the delivery system for the required application. However, the true value of the ASP will be measured in terms of the specific application(s) it supports.

Our research tells us that 2002 will also be the year that SCP vendors will follow their logistics vendor counterparts by also providing "outsourced" service parts planning as a collaborative partnership *vs.* the actual transfer of ownership. It is important to remember, however, that even in this scenario, the client company will continue to play an integral role by providing its solution provider with the business methodologies, processes and strategies necessary to ensure that its own, unique corporate goals and objectives are being met. This will be true regardless of whether the solution provider is acting as a surrogate for the entire planning organization or simply serving as an extension of an existing organization. Again, the ultimate goal must be to provide the client company with a total solution that meets its business-critical needs, while remaining within the established budget constraints.

It is clear that 2002, like 2001, will be challenging. Software providers will not only need to offer new and innovative products to optimize their customers' inventory and service levels, but will also need to offer total solutions based around those products. The primary goal will be to address each customer's respective business challenges, shrinking budgets and constrained resources, while supporting it with increased resources and flexibility. We believe this can best be accomplished through the use of ASPs and Outsourced Inventory Planning.

While ASPs and Outsourced Inventory Planning may not be for every organization, these emerging business tools will likely prove to be the key differentiators among the experienced software vendors in terms of distinguishing between those who can provide their customers with a total "service solution", *vs.* those who are merely a small part of a much larger and complex puzzle.

B.   Definitions of ASP/BPO

What Is an ASP?

As reported by **CIO** magazine in a special 2001 supplement, there are not only many ways to define what an Application Service Provider (ASP) is, but almost as many ways to name them as well. However, regardless of what you may call the provider, the definition of the services it provides focuses in just a few key areas.

Figure 1

The Basic ASP Relationship

Source: Cherry Tree & Company
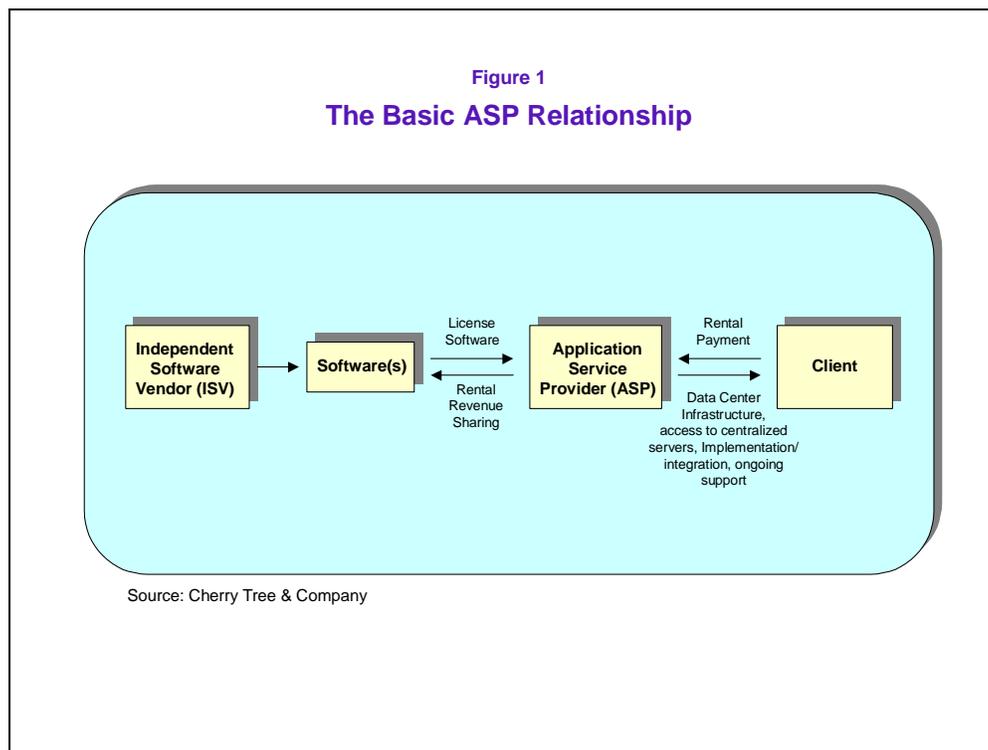
Gartner Dataquest defines ASP as "the delivery of preconfigured template software from a remote location over an IP network on a subscription-based outsourcing contract." Similarly, Cherry Tree & Company, a major U.S. investment banking firm, defines an ASP, in its simplest form, as "a third-party service firm, which deploys,

manages and remotely hosts a pre-packaged software application through centrally located servers in a 'rental' or lease arrangement. In exchange for accessing the application, the client renders rental-like payments." The ASP Industry Consortium, a coalition of companies formed in May 1999 to promote and educate the industry, offers another definition: "An ASP manages and delivers application capabilities to multiple entities from a data center across a wide area network." An illustration of a basic ASP relationship is provided in Figure 1.

However, Cherry Tree further divides its definition of ASP and outsourcing into three subgroups, as follows:
- Application Service Provider (ASP) and Application Maintenance Outsourcing, collectively referred to as Application Outsourcing (AO)
- Information Utilities and Business Process Outsourcing (BPO)
- Platform IT Outsourcing

This white paper focuses on what would be equivalent to the first of Cherry Tree's definitions, and primarily on ASP as it relates to supporting services businesses. There is also a natural tie-in between ASP and various Business Process Outsourcing (BPO) activities, such as Inventory Planning and Forecasting - areas where Baxter Planning Systems (Baxter) focuses much of its product and service support capabilities.

In doing so, Baxter takes the concept of ASP one step further by defining it essentially in terms of Web-Based Application Hosting. The company believes that there are many services sector businesses that have internal service parts planning organizations deeply in need of inventory planning software solutions to help them meet increasingly demanding customer service requirements. However, many of these organizations are often consumed with other business-critical projects and simply do not have the available resources required to support an additional implementation project. Even if they do, the costs associated with supporting such a project may be much higher than expected.

The use of an ASP such as Baxter allows these types of businesses to focus exclusively on their prioritized business-critical activities, thereby eliminating the burden of taking on another time- and resource-consuming activity. An ASP can provide online use of the desired software, server hardware, software maintenance and upgrades, production support, system administration, database administration, and training - everything that the business requires - accessible instantly over the Web, but without all of the requisite implementation, management and maintenance tasks typically required in supporting a "home-grown" or ERP system. Further, by integrating a fully-managed outsourced application capability, such as Business Process Outsourcing (BPO), directly into the web hosting environment, an ASP relationship can ultimately "kill two birds with one stone", by providing a total solution for the client.

What Is Business Process Outsourcing (BPO)
The inventory planning organization within a company is often short on both time and resources, resulting in more time spent expediting than planning. Beyond that, some companies may not have a planning organization at all. These represent excellent opportunities for benefiting through the use of an ASP that can serve either as an extension of the client organization, or as the client's exclusive planning staff.

However, not all ASPs have the expertise, proven track record and highly trained resources to ensure a successful outsourcing relationship, according to William K. Pollock, President of *Strategies For Growth*[SM], a Pennsylvania-based services consulting firm. Pollock suggests that "Only by finding, selecting and implementing an ASP that has the required application expertise and management skills can client companies become totally free to focus on their respective core competencies and business operations. In these cases, the outsourced application provider must be sufficiently knowledgeable with the customer's business, and the support it provides must be tailored to meet the exact needs of each individual client."

Inventory Planning is a specialized subset of BPO that can only be offered by a provider with expertise and infrastructure in this area to support its software offerings with the necessary professional services and support. While some ASPs, particularly of the third-party variety, may not even be able to support such application-specific software, Inventory Planning represents a core competency of Baxter Planning Systems.

C.   Industry State-of-the-Art and Trends

What is the Size and Growth of the ASP Market?
Cherry Tree describes the ASP industry as still being "clearly in the embryonic stages of its life cycle despite all the hype and attention". However, it cites published data from IDC as estimating worldwide spending for outsourced services in 1997 at $89 billion, projected to reach $142 billion in 2002 (a 10% compounded annual growth rate). IDC further estimates the Application Outsourcing (AO) market, which comprises both Application Maintenance Outsourcing and ASPs, to grow to $16.2 billion by 2003, more than doubling from $7.0 billion in 1998 (Figure 2). Forrester Research estimates even stronger growth in the AO segment, with the total market reaching $21 billion by the end of 2001. While individual industry forecasts and projections may vary in absolute numbers, one thing is clear - the ASP market is "exploding" in the overall business sector.

What Are the Key Drivers of ASP Growth?
The ASP Industry Consortium, founded in May 1999, was created as a "watchdog" for the emerging ASP market, concerning itself with such issues as promoting the ASP industry, educating the marketplace, developing common definitions, facilitating discussion, stimulating research, encouraging open standards and promoting "best" practices.

Some of the key drivers of growth for the ASP industry, as initially identified by the Consortium, include:
• Ubiquity of the Internet
• Access and declining cost of bandwidth capacity
• Shared applications in a client/server environment
• Browsers as an accepted GUI application
• Potential of e-commerce and e-business solutions

Figure 2

**Revenue Trends for the Worldwide
Application Outsourcing (AO) Market**

US$ Millions
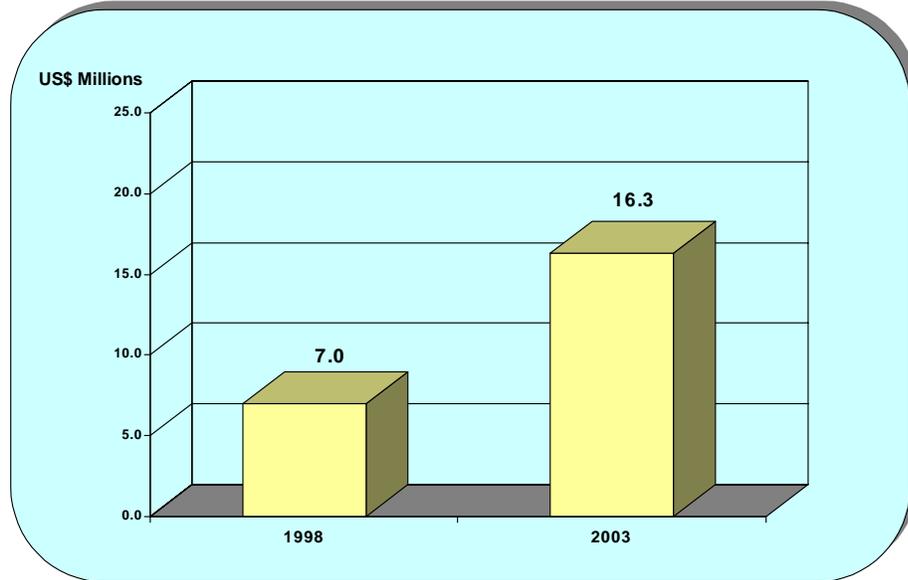
Source: IDC

As all of these drivers have been realized over the past few years, there is no doubt as to why the ASP market has begun to expand so dramatically. The Internet has become pervasive in all walks of life - and business; increased bandwidth capability has led to decreased availability costs; enterprises have grown more accustomed to sharing applications in a client/server environment; browsers have become a more common access tool to business-critical applications; and e-commerce, e-business and s-business are now common ways to conduct day-to-day business.

However, Cherry Tree goes one step further in listing the specific business drivers that may ultimately be the deciding factors for the most "bottom line"-oriented businesses. These include:

- Minimize total cost of ownership (TCO)
- Predictability of cash flows
- Focus on core competencies and strategic objectives
- Improve efficiency of internal IT staff
- Improve coordination efforts on a global basis

This may actually be the easiest drivers to support, as most industry analysts have observed annual savings of 30% to 50% - or more - among enterprises that are using ASPs for their most business-critical applications. Further, by using an ASP that integrates key inventory planning features into its offerings, the predictability of cash flows becomes a simple procedure. These benefits, in and of themselves, allow most ASP clients to focus exclusively on their respective core competencies, resulting in greater overall efficiency and improved management coordination - across the application, and across the entire enterprise.
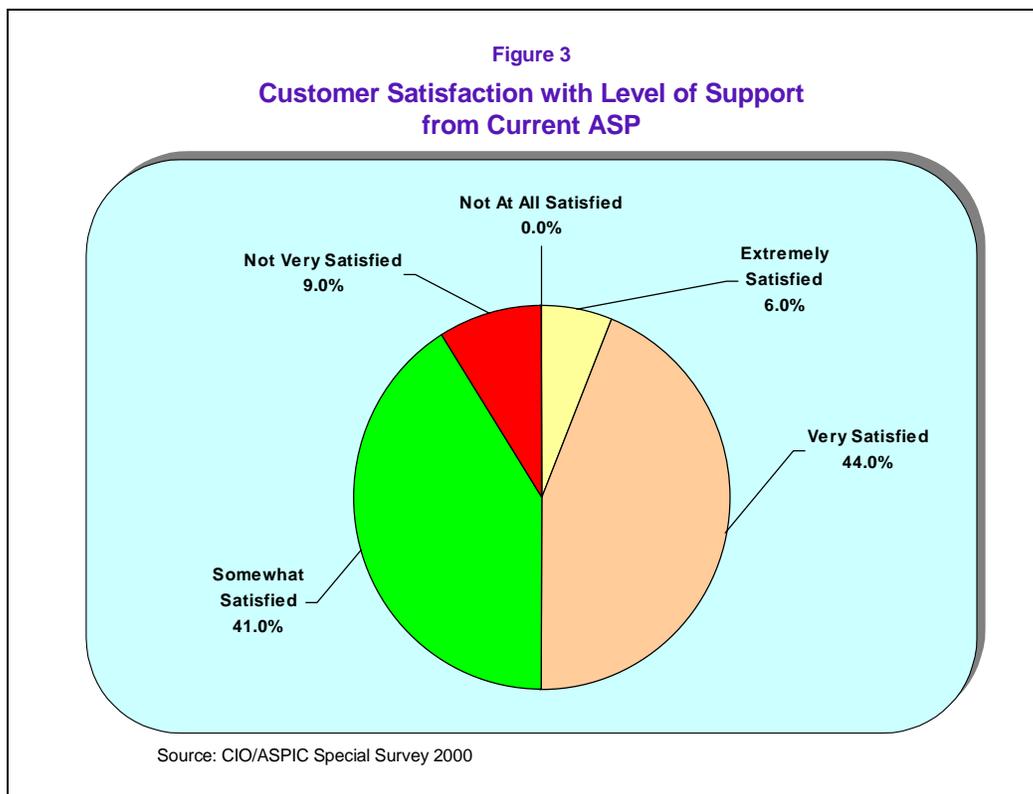
What Are the Principal Types of Business Process Outsource Providers?
The same drivers that impact the ASP market are also impacting the IT outsourcing market. However, there are two major distinctions that will ultimately define which type of outsourced provider/ASP will be best for each prospective enterprise client. According to Cherry Tree, they are:

- Third-Party ASP
- Proprietary ASP

Cherry Tree defines a third-party ASP as "a third-party service firm which deploys, manages and remotely hosts a software application developed by a third-party through centrally located servers in a "rental" or lease agreement". A proprietary ASP, on the other hand, is defined as "an intermediary between software vendor and client … that develops, owns and subsequently rents its own software solutions directly to clients". The main difference is that while both types of ASPs are responsible for the general functionality of the application, a third-party ASP, unlike other outsourcing relationships, is *not* responsible for either how efficiently the client utilizes the software, or for the results the client generates from its use.

This is why we believe that a proprietary ASP - one that has developed and implemented its own proprietary software - is, by far, the one that will ultimately service and supports its clients better. In any event, customer satisfaction with the levels of support they receive from ASPs is apparently quite high, according to the results of a **CIO** Magazine/ASP Industry Consortium (ASPIC) joint special survey conducted in 2000. The survey results revealed that 91% of users were at least *"somewhat satisfied"* with their current ASP, including half (50%) that were either *"very"* or *"extremely"* satisfied (Figure3)

Figure 3
Customer Satisfaction with Level of Support from Current ASP

Not At All Satisfied 0.0%
Not Very Satisfied 9.0%
Extremely Satisfied 6.0%
Very Satisfied 44.0%
Somewhat Satisfied 41.0%

Source: CIO/ASPIC Special Survey 2000

2. Evolution of the ASP and BPO Models

A. The Evolving ASP and BPO Models

What Is the Emerging ASP Business Model?
The ASP business model, ultimately, is designed to provide "seamless" service, in which the only interaction is between the client and the ASP. According to Cherry Tree, the key elements of this "seamless" integration of services include the following:
- Providing the hardware and software
- Executing the integration and testing
- Creating a secure network infrastructure
- Making available reliable mission-critical data center facilities
- Providing a highly-qualified team of IT experts to manage the entire solution

The key components of the ASP model include:
- Software vendors
- Systems implementation and integration
- Data center infrastructure
- Ongoing support

Strategies For Growth[SM]'s Pollock also believes that "The success of the ASP model implementation relies on the ability of the client and its ASP to "partner" in all responsibilities to ensure that the foundation is first laid for the total solution to be deployed and, second, that each party executes its pre-designated responsibilities effectively so there are no areas of the implementation and subsequent management of the operation left unaccountable."

Historically, the concept of ASPs was generally perceived to be little more than remote application outsourcing. Initially, ASP implementations were fairly generic in nature, with relatively little focus, if any, on the specific nature of the client's business - or even in what vertical industry segment the client served. It is for these reasons that the third-party ASP was the first to develop and catch on within the industry.

However, in today's world, there is comparatively little use for an ASP that adds so little value with respect to a specific enterprise solution. That is why it is the proprietary ASPs that are eliciting the greatest attention among the marketplace in general, and the services industry in particular. Being able to provide everything the third-party ASPs can - plus, being able to provide, manage and support a business-critical proprietary application - is what will ultimately distinguish the most important ASPs in the future

Evolution from 1st Generation ASPs to 2nd Generation BSPs, FSPs, VSPs
Cherry Tree suggests that "we are now well into the evolution from the 1st generation ASP concept towards 2nd generation ASP related business models". It further says that, "the common thread that runs through all of the businesses is the creation of a value-added services component to the hosted software that erects barriers of entry for competitors and creates sustainable relationships with customers". As such, many of these 2nd generation ASPs, in an effort to distinguish themselves from other ASP competitors, now refer to themselves as Business Service Providers (BSPs), Full Service Providers (FSPs), and Vertical Service Providers (VSPs).

However, regardless of what name or acronym these 2nd generation ASPs choose to call themselves, the proof of their value will ultimately rely on their ability to support their clients' specific and unique business, full service and/or vertical service solutions. For example, whether Baxter ultimately elects to refer to itself as an ASP or a BPP (i.e., Inventory Planning Provider, the key thing to remember is that it provides a total solution to its clients based on its unique, proprietary software.

B.   Differentiation of the ASP and BPO Models

What Are the Principal Differentiators Among ASPs?
Cherry Tree believes that the "ultimate litmus test for ASPs" will focus on the "basic value proposition that they provide to customers", and that "merely hosting and managing an application will not suffice on a going forward basis". The secret to the success of the new generation of ASPs will be their ability to go beyond simply hosting "anybody's" application, all the way to providing a "total" solution that surrounds their proprietary software with a full array of value-added professional services, including design, customization, consulting, education and full management support on an entirely outsourced basis.

Only in this way, will an ASP be able to develop a "core" base of constituent clients that not only thrive on their ability to leverage the provided solution, but also rely on their ASP as a true partner in running all aspects of the business. A truly "partnered ASP" would ultimately position itself in a way that would make it extremely difficult to replace from the client's perspective, and even more difficult to replace from a competitive standpoint.

3.   Benefits of the Emerging Models

A.   Application Services Providers (ASPs)

Why Do ASPs Work So Well?
CIO magazine explains that "because they transmute IT functionality into a utility service, ASPs often attract the interest of people running lines of business in an enterprise. That's because ASPs help exactly where businesses need it." The magazine also firmly believes that "applications designed from the outset for Web delivery will prevail - though certainly traditional apps delivered over the Internet will continue to offer economies of scale and the competitive advantages that go with them. But because traditional application architectures are geared for software that operates in just one place for just one 'owner,' they are already being upstaged by Web-built, multi-tenancy software applications."

In a nutshell, the ASP model's reliance on Internet-based application delivery transforms the traditional means for providing application development and implementation, into what **CIO** refers to as "a utility-like service that completes a business experience." To pull it all off, ASPs not only centralize application management, upgrades and support, thereby reducing the total cost of ownership; but

they often turn to specialists for help, themselves, reinforcing the overall importance of the Internet as a facilitation catalyst.

CIO identifies the following as the key reasons for why the ASP model works so well:
- ***As competitive pressures build, businesses are focusing resources on their core competencies*** - that is why many enterprises are willing to utilize ASPs to host their non-business-critical applications - and, in fact, may be willing to outsource these applications entirely.
- ***Finding the right IT people to build and support in-house systems has become, at best, extremely difficult*** - finding the right IT people is difficult enough; justifying payroll and providing ongoing human resources management only compounds the problem.
- ***CIOs and IT managers often lack the resources to meet urgent development needs - such as getting e-business initiatives up and running*** - managing an outsourced vendor program requires less work and resources than managing an in-house operation.

By relinquishing hands-on control of the application to an ASP and/or an outsourced vendor, there is no software license to deal with, and the burden of meeting design and implementation deadlines may be totally shifted to an outside party that has both the experience and the resources to do - more efficiently - what your enterprise may not have been able to do at all.

What Are the Major Benefits of Using an ASP?
CIO sums up the major benefits of utilizing the services of an ASP by stating that, "the ASP model allows businesses to enjoy much higher levels of technology refresh without continual investments in new technology. New features and services become easier to roll out. Without having to independently evaluate, test, debug and develop expertise in a new technology area, trial and adoption is significantly simplified."

CIO goes on to say that "some CIOs worry about losing control to application service providers, but in fact ASPs are helping CIOs improve responsiveness, cut costs and boost strategic leverage. They are the leaders in their fields and they tap the richest of our time's technology lodes - software application developers, Website hosting companies, Internet service providers, telecomm giants, professional services firms and value-added resellers. And they're linking themselves together into a multiplicity of application service provider supply chains that host access to all manner of software applications using private networks and, increasingly, the Internet."

Among the key benefits that can be provided through the use of an ASP, according to **CIO**, are:
- Fast launch for new e-commerce, supply chain and CRM applications
- Less money spent on buying, maintaining and upgrading software and hardware to run commodity applications
- Client software limited to a Web browser or something that acts just like one
- Easy upscaling and downscaling
- Lower IS staff needs
- Improvements in IS's ability to respond to demands from the lines of the business
- Predictable costs

Cherry Tree lists the most important benefits that can be gained through the use of ASPs and business process outsourcing vendors in terms of three sets of market "drivers":

Value-Added Drivers
- Faster time-to-market
- No technology obsolescence
- Transfer application ownership
- Utilize "best-of-breed" applications
- Obtain technical expertise

Outsourcing Drivers
- IT staffing shortage
- Minimize up-front cost of ownership
- Predictable cash flows
- Improve internal efficiencies

Macroeconomic Drivers
- Increasing global competition
- Rapidly changing technology
- Level competitive playing field

By and large, this list is representative of the consensus of ASP users in terms of weighing the benefits against any potential risks that may be associated with the use of ASPs and/or business process outsourcing vendors.

B. Business Process Outsourcing (BPO)

As the use of Business Process Outsourcing (BPO) for certain applications such as Inventory Planning merely represents an extension of the "classic" ASP model, the benefits of utilizing such a service are quite similar to those described for the ASP model in the previous section. However, it is noted that the use of a BPO vendor's services will also typically involve the use of a proprietary (rather than a third-party) ASP and, as such, would also reflect the benefits normally associated with the use of that particular model as well.

4. Success Stories (Case Studies)

A. Overview

Baxter Planning Systems has several client case studies that describe the benefits of using an ASP - especially one that is both domain expertise and vertical industry-focused.

Agilent Technologies

One such example is Agilent Technologies Healthcare Solutions Group (HSG). According to Mark Anderson, Strategic Supply Chain Manager, Agilent Technologies, "Agilent has realized the benefits of not only utilizing this state-of-the-art software to plan its support business, but we have also shifted some of our Planning functions over to Baxter. We have outsourced some of our mature product/part business to Baxter allowing our planners to focus on new products and end-of-life issues. As our partner, Baxter has demonstrated real value not only in the development of sophisticated planning tools, but also in their ability to understand our business and relieve us of some direct costs with their planning resources."

Enterasys

Enterasys Networks is a new type of company that combines a single market focus with a strong technology heritage to provide communications infrastructures for enterprise-class customers. Enterasys' networking hardware and software offerings deliver the innovative security, availability and mobility solutions required by Global 2000 organizations coupled with the industry's strongest service and support. Enterasys' partnership with Baxter involves the company's use of the Support Planning for Prophet^{TM} software which is a Web-based tool that will allow service organizations to instantaneously access the availability of support coverage for up to 144 countries.

Support Planning revolutionizes the process of determining the eligibility of a specific customer location for coverage. Traditionally, logistics managers manually determine what level of support can be offered to specific customer sites, a process that can take up to sixty days. With Support Planning, coverage availability is determined real-time via the Internet. The advantage is a reduction in labor costs, while generating revenue previously lost during those sixty days.

Ted Heywood, Enterasys' Director of Global Service Logistics, said "The flexibility and professionalism of Baxter's people allowed us to not only bring their capabilities on line quickly but also develop solutions to some nagging problems that had been difficult to solve in other ways. Using their capabilities we have been able to assure the proper location of our global depots, reduce our inventories and improve our on time customer deliveries. They are a valued partner and have allowed us to do a better job for our customers and Enterasys."

This interactive tool was originally designed in partnership with Enterasys, as an addition to Baxter's suite of software, Prophet by Baxter^{TM}. Initially, Enterasys had deployed Support Planning to its internal support organization and plans to extend use to external channel vendors in the near future.

Lucent Technologies

In April 2001 Baxter Planning Systems announced that Lucent Technologies, Inc. had selected Prophet by Baxter^{TM} for its worldwide material planning and parts positioning solution. The contract capitalizes on Baxter's suite of products, Prophet by Baxter^{TM}, including site planning, distribution planning, product forecasting, material forecasting and supply planning for Lucent Worldwide Services service parts logistics.

Lucent, a leader in broadband and mobile Internet communication systems, utilizes the Prophet by Baxter^TM software suite to assist in selecting the warehouse and stocking locations that should be used for inventory, based on service contracts and service level agreements by postal code worldwide. Once the appropriate sites are determined, optimal stocking levels will be set for all locations from distribution centers to field locations. The unique planning approach developed in Prophet by Baxter^TM, and deployed by Baxter Planning Systems, ensures that contractual obligations will be met and inventory is optimized at all levels.

Lucent had originally evaluated the top five providers of service parts Supply Chain Management (SCM) software, and selected Prophet by Baxter^TM due to its depth of functionality. The use of the software has since resulted in a reduction in service parts inventories by over 50%, compared with other software products that can only gain 15% to 20% reductions. In fact, the Baxter software will likely increase the company's customer service levels dramatically, in some cases to over 99%.

Even before reaching full operational capability, Lucent's Service Logistics division believes it will be able to achieve 98% of its same- and next-day response commitments. According to Lucent Service Logistics Business Development Manager, Dana Primiano, "The application will significantly increase the company's service levels for delivering customer spares while reducing our investment in inventories."

Among the primary benefits to Lucent of using the Baxter ASP model have been minimal impact on the IT organization, and considerably faster implementation; hence, faster time-to-market. The system went live at the end of July 2001, less than four months after the implementation began (compared to standard industry delivery of six to nine months).

5. Summary and Conclusions

A. Looking Forward

The following quote, attributable to Scott McNealy, CEO of Sun Microsystems, is seen by many as a good predictor of the future of ASPs:

> *"If you're a CIO with a head for business, you won't be buying computers anymore. You won't buy software either. You'll rent all your resources from a service provider."*

Cherry Tree "believe[s] that an IT service provider with disciplined strategic objectives within the current market environment can increase value through partnering with emerging ASPs. A partnership balances the opportunity to capture value in a potentially enormous market with the risks associated with participating in an early stage concept. We believe those [ASPs] clearly differentiating their services with a strong domain and vertical industry expertise [like Baxter Planning Systems] are in the best position to capitalize on partnering opportunities with ASPs."

Gartner Dataquest agrees that "interest in and uptake of the ASP model is happening extremely quickly across the entire globe." It further believes that "most importantly, the ASP market is in the final phases of market- and investment-driven hype due to a unique phenomenon, promising technology and a true market need." Gartner also sees the main buyer factors in the ASP market to include guaranteed levels of service, data and network security, and loss of in-house control.

According to AMR Research, "outsourcing to an Application Service Provider (ASP) changes an IS organization. Enterprises must address staffing, organizational, and business process issues now, before it's too late." Based on its *Enterprise Applications Service Provider Report, 1999 - 2004*, the firm also predicts that "mass adoption of the outsourcing alternative will take hold beyond 2000. As ASPs develop solid reference clients and gain traction, they must deal with the issues, which will begin to surface, about the transition's effect. Enterprises must take steps to deal with the internal effects that the new operating model will have on the organization."

AMR recommends the following steps to any enterprise that is about to enter into a new ASP and/or outsourcing relationship:
- Craft a small team to work through the business process and transitional issues.
- Organizations need to detail which functions will be outsourced, and become proactive in developing positions that will be more valuable and appealing to the employees.
- Companies need to manage employee expectations by developing an internal communications plan which includes messaging and individual programs.
- Focusing on transitional issues, such as vendor relations and contractual agreements, early in the process can help pave the way for a smoother transition.

In looking forward, AMR sums up by saying that "professional service providers can capitalize on the ASP movement by providing practices specialized in internal restructuring as well as offering industry expertise tailored to each business." This is another area where an ASP that has both domain expertise and a vertical industry focus (like Baxter) can be of the greatest help to the enterprise.

B. The Baxter Approach to ASPs and Business Process Outsourcing (BPO)

Baxter's power to drive profit is unmatched by any other service supply chain software provider on the market. Prophet by Baxter™ guarantees parts availability for same-day service with a proven customer service level of over 99%. Customers can rely on Prophet™ to meet their most rigorous contractual obligations without compromising business resources.

- ***Baxter's solutions reduce operating costs and enhance staff productivity.*** Prophet by Baxter streamlines the process to efficiently procure and optimally placer materials at the lowest cost. Staff productivity is dramatically enhanced by Prophet's user-friendly features such as Planner Inbox, which automatically identifies those parts that need immediate, or impending attention.

- ***Baxter solutions improve supply management.*** Baxter's customers have cut inventory costs with strategies that make certain every part is an asset, not a liability. As a result, companies gain optimal sourcing and distribution of assets, and superior inventory control that maximize profit and reinforce customer loyalty.
- ***Baxter solutions compress order-cycle time.*** Through Prophet's powerful forecasting and modeling features, service organizations get the materials when they're needed - even remote locations. Delivery is never late, and always on the money.
- ***Baxter solutions work at Cyber speed.*** Because Prophet is 100% Web-based, it has the ability to be integrated with any existing technology. To further ease use of Prophet, it is accessed through the Web, giving the user unlimited availability.
- ***Baxter solutions scale to fit.*** Because inventory costs and customer satisfaction are important to every company large or small, Prophet has the flexibility to fit the planning and logistical requirements of any size enterprise. Prophet additionally has the capability to plan for logistics from a local operation to a complex global project.

For the enterprise looking for an ASP with the proper measures of both domain expertise and vertical industry experience, offering its proprietary software via the Web, and supported by an extensive array of complementary professional services, Baxter Planning Systems, and its Prophet by Baxter™ software may just be the perfect match.