

Application Service Provider Model Recommendations

An **application service provider (ASP)** is a business that provides computer-based services to customers over a network. . Software offered using an ASP model is also sometimes called **On-demand software** or **software as a service (SaaS)**. In a typical ASP model, the application software resides on the vendor's system and is accessed by users through a web browser or by special purpose client software provided by the vendor. Custom client software can also interface to these systems through **application programming interfaces (API)**. These APIs can also be used where integration with in-house systems is required.

Common features associated with ASPs include:

- ❖ ASP fully owns and operates the software application(s)
- ❖ ASP owns, operates and maintains the hardware that support the software
- ❖ ASP makes information available to customers via the Internet or a thin client
- ❖ ASP bills on a "per-use" basis or on a monthly/annual fee
- ❖ The State is the owner of the data

The ASP model is not applicable in all scenarios. Justification should be provided to OIT in the IT Request as to why the ASP model should be used rather than more typical application development approaches.

There are many risks associated with an ASP model implementation that the vendor must be willing to accept accountability for mitigating. OIT recommends the inclusion of a very detailed **service level agreement (SLA)**, such as the one on the next page, to help make sure the risk are placed with ASP vendor and that the ASP vendor is financially responsible for mitigating the risks.

Service Level Agreement

1. The **<service name>** will be available **<insert percentage>** of the time from **<insert normal hours of operation including hours and days of the week>**. Any individual outage in excess of **<insert time period>** or sum of outages exceeding **insert time period** per month will constitute a violation.
2. **<Insert percentage of service name transactions>** will exhibit **<insert value>** seconds or less response time, defined as the interval from the time the user sends a transaction to the time a visual confirmation of transaction completion is received. Missing the metric for business transactions measured over any business week will constitute a violation.
3. Vendor will respond to service incidents that affect multiple users (typically more than 10) within **<insert time period>**, resolve the problem within **<insert time period>**, and update status every **<insert time period>**. Missing any of these metrics on an incident will constitute a violation.
4. Vendor will respond to service incidents that affect individual users within **<insert time period>**, resolve the problem within **<insert time period>**, and update status every **<insert time period>**. Missing any of these metrics on an incident will constitute a violation.
5. Vendor will respond to non-critical inquiries within **<insert time period>**, deliver an answer within **<insert time period>**, and update status every **<insert time period>**. Missing any of these metrics on an incident will constitute a violation. A non-critical inquiry is defined as a request for information that has no impact on the service quality if not answered or acted upon promptly.
6. The internal processes are measured and reported by the vendor on a monthly basis. This service includes incident reporting.
7. Vendor shall establish a turnover plan and implement the complete turnover of this system in the event that another vendor is awarded a contract upon expiration of this contract. A 10% retainage of the total contract cost will be withheld until this turnover is accepted by **<state agency name>**.
8. All data contained within the application shall remain the property of **<state agency name>** and shall not be used for any purpose beyond the scope of the application without the expressed written consent of **<state agency name>**.

Monthly Violations and Associated Penalties

Number of violations	Penalty
1>5	<insert penalty> Typically a reduction in fees.
5>10	<insert penalty> Typically a reduction in fees plus some additional compensation
10>	<insert penalty> Typically a reduction in fees plus some additional compensation and a corrective action plan