



November 2000

Topic: Are European CAD/CAM Users Ready for ASPs?

CAD & ASPs

iCAD is produced by Business Advantage, a B2B research, business development and marketing consulting practice operating in the global IT, Digital and Telecommunications sectors.

We're told that the Application Service Provider (ASP) market is booming; multi- billion dollar predictions for this market have encouraged several hundred ASPs to join the fray. On the face of it, CAD users seem likely candidates to benefit from this service; ASPs could offer an avenue to keep up with changing software versions and to manage increasing quantities of data.

So are CAD users switched on to the opportunities offered by ASPs? To find out we spoke to 301 UK CAD/CAM users, as well as a selection of French and German users.

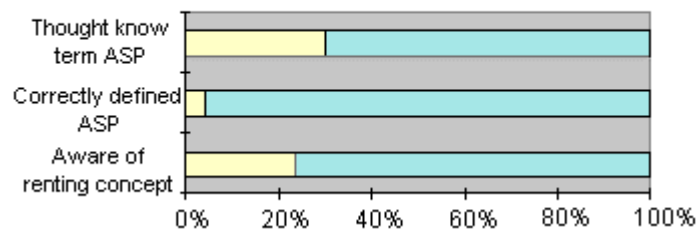
How aware are CAD/CAM users of ASPs?

While the term 'ASP' appears constantly in the IT press, has it seeped into the consciousness of potential customers in the CAD/CAM sector? The fact that **three out of ten of the end-users we interviewed said that they are aware of the term 'ASP'** could be seen as relatively encouraging for such providers. However **only 4% of end-users were able to correctly explain what the term 'ASP' means.** Half of the rest gave a wrong or vague answer, while the other half had only heard of the term without understanding it.

Even when we explained the concept of using an ASP to CAD/CAM users, less than a quarter of them said that they were aware that such a facility existed.

There is clearly much awareness raising to be done by ASPs seeking to gain a foothold in the CAD/CAM sector. It cannot be assumed either that this target market recognises the term 'ASP' or understands the concept of renting software via the internet.

Understanding of ASPs among CAD/CAM users



Your chance to join our syndicated study of ASPs and the Technical Computing Market

We are preparing a syndicated study to explore in detail the impact of ASPs in the CAD/CAM market. If you would like to sponsor the pre-prepared survey and perhaps add your own questions, or are interested in buying the final report, [click here](#).

We asked CAD/CAM users:

if they were aware of the term 'ASP'/what they thought it meant? whether they use an ASP now or would consider doing so in future, and why?

Methodology

Telephone interviews were conducted with 301 UK based CAD/CAM users during August and September 2000. A smaller number of in-depth interviews were conducted with French and German CAD users.



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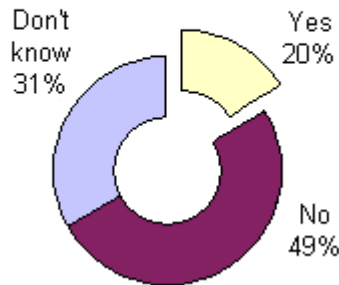
Using ASPs

Only one in fifty UK CAD/CAM users said that they currently use or have used an ASP for their CAD/CAM software. This 2% of users came from companies with over 50 employees. More proof of the scale of the awareness raising needed by ASPs comes from the fact that this 2% of companies were the only ones able to name an actual ASP.

Of the vast majority who have not yet used an ASP to rent CAD/CAM software, only a fifth would consider doing so in future. Half the respondents said that they would not consider doing so in future, and a further three in ten were unsure. Bearing in mind the overall low levels of awareness about application service provision, these responses are likely to derive from a lack of knowledge of the benefits of using ASPs, and the fact that many SMEs have little experience of IT outsourcing.

Not surprisingly, CAD/CAM users are twice as likely to be open to the idea of using ASPs to rent their CAD/CAM software in future if they have purchased CAD/CAM software over the Internet in the past. Those with previous experience of using the Internet will be the early-adopters of using ASPs. Vendors already selling successfully over the Internet who move into application service provision will be well placed to take advantage of growth in the ASP market.

Would you consider renting CAD/CAM software via an ASP in future?



Said one French CAD/CAM user:

I have heard of ASPs and would like to use one as soon as possible. However, I have never seen any information about them and would not know where to start looking.

Purchasing timescales

0-3 months	10%
3-6 months	19%
12 months +	52%
Don't know	19%
Base = 58	100%

Of the fifth of CAD/CAM users who said that they would consider renting from an ASP for the first time in future, over half said that this would not be before a year's time.

All those in favour say why

Over half of the CAD/CAM users who would consider using ASPs felt they are cost-



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effective sources of software. Many felt that they provide flexibility according to workload; some felt that they are an efficient way to access (the frequent!) software upgrades and several mentioned that they provide a good way to trial software.



The freeing up of space on computer hardware. Renting prevents you having to stock software that is not particularly used. You save on price as you are only paying for what is actually used and you benefit from the automatic updating of software.



We would no longer have any configuration problems - they would be the provider's responsibility. Having to pay costs over an extended rental period in regular instalments is better than up front as with a purchase.

Advantages raised by French and German CAD/CAM Users



Being able to use the software and see if it is user-friendly and appropriate (we bought some CAD software last year but we could not use it as it was too complicated, so it was a big waste of money.) Renting would be better than trialing something as problems do not always arise during the trial period.



It would be cheaper to rent what you actually use, and you would also be able to use updates to software packages very quickly.

All those against say why

Over half the respondents who are not considering using ASPs felt that they are not cost-effective. Some said that it was just their company policy not to rent, and others said that they just felt no need for change.



We are using specific software and are not planning to change this requirement in the near future.



I think our company would worry about the issues of security and reliability.



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Disadvantages raised by French and German CAD/CAM users



Our constructions are not very complex or demanding so we won't always need the latest software or support.



The speed of data transfer for pictures over the Internet is too slow. There are also the issues of confidentiality and security. Where are my drawings going to be stored? Are they protected? And what about accessibility - what happens if the ASP goes out of business? I can't imagine companies like Mercedes-Benz using ASPs for their latest car model drawings and plans.



I am concerned about the issue of dependence - things like how long the provider has been established, the data security at the company - there's also the speed over the Internet.



The slow speed of data transfer via the Internet could be a disadvantage.

Conclusion

Chris Turner, Managing Director of The Business Advantage Group, observes: *'Clearly ASPs have a major task on their hands, both in terms of awareness-raising and education, if they are to make inroads into the CAD/CAM market. However, the potential is there, with many CAD reliant organisations looking for better ways of managing their resources, such as design collaboration and data archiving. ASPs can find encouragement that one fifth of our sample would consider using such a service in future - but it remains to be seen whether issues such as the cost of bandwidth, data security and concerns over the consequences of an ASP going bust can be overcome to turn this potential into reality.'*

Please [Click HERE](#) to leave a comment or question.



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