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# FOODSERVICE information systems report

## Opportunities and challenges with an ASP model

By Mitch Rambler & Gail McGrew

“ASP” is arguably the hottest new buzzword in the IT marketplace. An ASP (application service provider) is a third-party provider of pre-packaged software applications that are distributed over the Internet or WAN. Applications are hosted on servers located within data centers, which manage them. In addition, data centers provide security, backup, equipment maintenance, software upgrades, disaster recovery and more.

The end user pays a fixed fee per transaction or per time frame and does not have to buy any of the needed hardware or software, or be responsible for ongoing maintenance of the applications or equipment. The ASP model is similar to the mainframe timesharing idea albeit with some major differences - bandwidth, processing/server power and, of course, the Internet.

The ASP model is ideal for foodservice and lodging companies, especially smaller- to mid-size enterprises, that want to leverage the best vertical and business support applications on the market without having to deal with the technology or pay for more functionality than needed. In the case of enterprise business applications, complete systems can run into hundreds of thousands of dollars. In the ASP model, you pay only for what you need.

There are many benefits to the ASP model. Management of IT services are simplified or eliminated, and costs are spread more evenly through time versus huge and often unnecessary up-front infrastructure investments. The ASP provider takes care of the design of complex distributed architectures. IS departments can be downsized or virtually eliminated. Adding or deleting operating units (or franchised sites) can be done easily, technology obsolescence is no longer a concern and user infrastructure costs are decreased or eliminated. Furthermore, once a business is plugged into the resources of a data center, it can be leveraged over other applications.

Requirements to implement an ASP are Internet access, modems and high-speed connections. Key challenges are server/processing speed and bandwidth. A

28.8 Kbps modem works fine for batch processing overnight, but in order to use applications online in real time, higher bandwidth and processing speeds are necessary.

Integration may be an issue if you get some applications through the ASP model and others in-house. Customization is also likely to be an issue because one size typically does not fit all. How willing will software vendors be to modify their software to meet the needs of a company’s unique business needs? Just as it is rare that a single PMS meets the needs of all hotels everywhere, or likewise for a POS in the foodservice industry, Internet PMS/POS is not likely to be any different.

In the hospitality and foodservice markets, the ASP concept is just emerging, and there is little to no installed base. Vendors will need to make their applications ASP-compatible. This takes time and will likely evolve as vendors develop applications as they see market demand growing, and buyers want proven applications over an installed base before they commit. At this juncture, it appears that vendors’ ASP solutions will drive the market.

### Market evolution

The foodservice industry is likely to embrace the model first for several reasons. Quick-service market operators are challenged to create margin; they must operate under a small footprint at very low cost. The cost of developing and maintaining an IT infrastructure becomes prohibitive for single-unit owners or small enterprises. If an operator can engage an ASP service for a fixed cost and contract for only the minimum service required, the cost model drastically changes. In terms of security, core technology in foodservice is POS systems, although back office systems may be more closely held. Purchasing may be

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## News Briefs

### **Del Taco chooses MenuLink for franchisees**

Del Taco Inc. announced it has selected Huntington Beach, Calif.-based MenuLink Computer Solutions Inc. to develop back office solutions for the company's franchisees. To accommodate the growth Del Taco's franchisees have experienced in recent years. The MenuLink solution will provide Del Taco's franchisee operators with a complete back office system including labor management and scheduling, inventory and sales tracking, order and delivery management, food cost and profit and loss analysis. This agreement will initially support the 60-plus stores to open in the franchisee system through this year as well as installations in its existing restaurants.

### **Transmedia targets Fortune 1000 companies**

Transmedia Network Inc., a provider of transaction-based dining rewards programs, announced the introduction of a travel and entertainment expense reduction program targeting Fortune 1000 companies that issue corporate credit cards to their employees. Participating companies need to register all their corporate cards with iDine. Once enrolled, employees who entertain for business can reduce their corporate dining expenses by up to 20 percent when they dine at any of the participating iDine restaurants nationwide and pay with their corporate credit card. In other news, Transmedia announced a new frequent dining benefit that will allow Baymont Inns & Suites' Guest Ovations' members to earn points for dining out when traveling and when they are near home.

### **OpenTable acquires RSViP and ProHost Software Solutions**

OpenTable Inc. announced the acquisition of ProHost and RSViP Software solutions from Restaurant Solutions Group, formerly Rock Systems, a division of Ez2get.com Inc. Some features of OpenTable/Rock systems solutions will include centralized reservations capabilities, an automated wait list, server/section assignment and table management capabilities and integration with the POS system.

### **Prism releases wireless solutions**

Prism Visual Software, an AccountMate Application Developer, announced the release of their wireless solution, RoadQuest. RoadQuest strengthens Prism's delivery products (BeverageMate and WaterMate) with Web-based capabilities by allowing customers and/or salespersons to enter their product orders via e-callin, a tool kit Web page. The orders are then forwarded onto a palm pilot (MiniMate) for route delivery. MiniMate is route delivery software written for the palm pilots using Satellite Forms and Visual Basic.

### **NCR and Aloha solutions chosen by Checkers/Rally's**

Checkers Drive-In Restaurants Inc. announced that after 13 months of testing technology solutions for its 853 restaurants system-wide, it has decided on the NCR 7454 POS machines and software from Aloha Technologies. Special programming for Checkers/Rally's was selected to enhance the drive-thru systems speed, accuracy and accountability. Checkers/Rally's placed an initial order for its 149 company restaurants to be installed within the next 90 days. CF&Y

## Web Watch

# I-Many provides visibility to e-commerce contracts

By H. Rae Gibbons

At a time when consumers are seeing a decrease in the number of e-commerce companies reflected in the news every week, it's understandable that those consumers are becoming wary of doing business online. The foodservice industry has fueled many online exchanges and the ease of online transactions is certainly tempting to such a time-consuming business, but how can consumers trust that their business contracts will be honored if they join one of these exchanges? I-Many offers a means by which manufacturers, distributors, brokers and operators can all have access to contract information that exists between them — online and in real time.

I-Many powers other business-to-business exchanges so they can create, manage and monitor contracts that exist between the trading partners through those exchanges. Glenn Wira, vice president of marketing for I-Many, says, "We don't provide technology that allows people to place orders or fill a shopping cart with goods — we focus on the business-to-business relationship that is struck between a buyer and a seller which is a contract that needs to be communicated, viewed by the participants and then updated as changes to that contract take place."

### Online exchanges: challenges so far

Doing business online hasn't been around long enough for all the kinks to be worked out — the business model is so new that consumers who choose to purchase online are finding that they are the testing ground for dot-coms and online exchanges. In its favor, e-commerce has generated a lot of excitement, and, in turn, a lot of willing participants at this experimental stage. However, if consumers continue to see this business model failing, e-commerce will find (as it is already experiencing) that the testing ground will soon become desolate.

I-Many suggests that one way to keep business-to-business e-commerce alive is to re-examine the e-commerce business model. Wira says, "A lot of [online exchanges] have tried to apply a typical business to consumer model to those [business-to-business] ex-

changes, where they throw up an auction or a spot buy to try and ratchet down prices, and they really haven't worked that well. In consumer goods, health care and other verticals, a lot of this purchasing is made off of a long-term contract that exists between the buyer and the

seller. They may call it a promotion or a trade agreement, but there's usually some sort of a contractual agreement that exists where the customer knows what price they are going to be paying for a certain period of time.

"A lot of these exchanges have really missed the mark [because they have focused on the spot buys and auctions]. They haven't provided a lot of value, and that's why you're seeing a lot of these exchanges going under. So, the exchanges that we think will live and thrive are those that have been started by one of the major stakeholders or those

stakeholders collaboratively."

### Benefits to the operator

I-Many.com offers businesses who purchase online an opportunity to view their contracts with manufacturers, distributors and brokers via a secure Web portal, giving them all access to the same information in real time. This enables operators and their exchange partners to have the most recent information on the prices and benefits in their contracts available to them whenever they need it. Also, participating companies can choose to make the portal either a public or private online window.

Wira says that operators won't have to question what price they will be paying on any given day because all of their sales history is listed, along with the manufacturer's updated prices. "You have a collaboration with your trading partner online, and you're able to confirm the accurate price," says Wira.

### Building trust

The contract visibility that I-Many offers makes it easier for consumers to trust that they are being dealt with fairly because they can see transactions and prices

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— Glenn Wira

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## ASPs...

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the first function to move to the ASP model, since security is less of an issue. Cooperative procurement exchange portals are already in place through which operators join together to combine their purchasing power to leverage the costs of the vendor products they need.

The hotel industry is structured around the CRS system and unit-level PMS systems. Processing is already done centrally, and the big lodging chains have already made most of this investment. Since these data are so central to overall operations, moving them offsite brings up issues of security and downtime. The cultural issue of tightly controlled information on a remote server cannot be underestimated. Just as online shopping has had to overcome security fears, so does the ASP model. The most likely early adopters will be the independents and resorts that want to stay competitive with the big

chains in the market and have yet been unable to afford the same applications.

The ASP market still has many challenges ahead. The idea of having all your business applications available in one place, and maintained and supported by a third party, is very attractive, but it will not be painless. Some functions may be more amenable to ASP than others. In general, it is fair to say that the simpler the function, the easier the ASP transition.

Partnerships may turn out to be critical to mitigate risk. The bottom line will be that the ASP model must slash IT costs or bring great ease of use benefits to be worth the service. **CF&Y**

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## I-Many...

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with their own eyes. Having something tangible in e-commerce is an important factor in relieving some of the fears that consumers have when purchasing online. The common view into I-Many's Web portal ensures that all the involved parties are knowledgeable of the activities surrounding their contracts. Wira explains that, "the manufacturer, who is generally the originator of the price and the one who will set the price if it's under contract, will post that information on the exchange. The distributor, who may actually ship the customer the product, will have viewing capabilities into that price, so they can pull that information down into their order management system. Then when an operator goes to place the order, it's the right price, and they also have visibility into the portal."

### Joining an online exchange

There are enough online exchanges geared toward the foodservice industry currently being offered, that a

consumer can afford to be picky. For consumers who are considering joining an online exchange or for those who already have, Wira advises to create relationships with multiple exchanges because "each offers something a little different than the other guy, so it's important to determine who the potential winner is going to be and make sure you're lined up with them in some capacity. In some cases, consumers have picked the wrong partner, and they've alienated themselves from another exchange because they've created a bad relationship from the get go."

In order to research online exchanges, Wira suggests talking to industry peers and some of the IT analysts who are out there covering B2B space. As far as where that space is headed, Wira says, "Most of the movement in the B2B space on the Web is really focused around trying to make the supply chain more efficient, trying to squeeze some costs out of it, through better data and more timely information. That's where a lot of the value will come from." **CF&Y**

### Companies mentioned in this issue...

<b>Aloha Technologies</b> (817) 252-9499 www.ibertech.com	<b>NCR Corp.</b> (800) 225-5677 www.ncr.com
<b>Ez2get.com Inc.</b> (800) 2ez2get www.ez2get.com	<b>OpenTable Inc.</b> (415) 551-1510 www.opentable.com
<b>I-Many</b> (207) 774-3244 www.imany.com	<b>Posiflex</b> (510) 429-7097 www.posiflexusa.com
<b>MenuLink</b> (714) 934-6368 www.menulink.net	<b>Prism Visual Software</b> (516) 944-5920 www.prismvs.com
	<b>Transmedia Network Inc. (iDine.com)</b> (800) 882-1558 www.idine.com