

Who's Becoming an ASP Customer?

GUNG-HO OVER ITS ASP

John Wade, president of Gung-Ho Company (Cupertino, Calif., www.gung-ho.com), believes that a creative approach to information technology supports his company's flexible business model and hence its ability to meet its customers' expectations. Gung-Ho, which manufactures and distributes printed materials like books and packaging, as well as software and other media, relies on an Internet-based platform to integrate its manufacturing and distribution operations in facilities worldwide.

The Gung-Ho Enterprise Network and Information Exchange system—or GENIE—is accessible to Gung-Ho's customers using a secure Internet portal it calls GOLD, for Gung-Ho On-Line Data system. Using these tools, Gung-Ho customers can place their orders online or obtain real-time information about the company's manufacturing and distribution processes. Wade says that GENIE and GOLD—specifically the ability they create to communicate with customers and suppliers in real time over the Internet—give Gung-Ho the power to execute its business strategy efficiently.

The manner in which the company manages GENIE and GOLD is also crucial to its success, he says. Like a growing number of medium-sized manufacturing and distribution companies, Gung-Ho gets the bulk of its information technology needs met through a contract with an ASP, in this case ManagedOps.com (Bedford, N.H., www.managedops.com). ManagedOps.com has a full-service ASP program designed specifically for companies with \$10 million to \$250 million in annual revenues.

DEPLOYING ENTERPRISE APPS

ManagedOps.com specializes in helping these companies deploy the Great Plains enterprise resources planning (ERP) package, along with the market-leading customer relationship management (CRM) package from Siebel Systems, in whatever way is appropriate to address their individual business needs. The service also includes link-

ing these applications to the Microsoft BackOffice suite of products, including the SQL Server database, and to utilities for conducting electronic commerce.

All of these resources are housed in a secure data center, complete with a help desk, that is up and running 24 hours a day. ManagedOps.com customers have unlimited, easy access to their applications and data through thin-client interfaces.

ManagedOps.com also has the expertise to help its customers establish the necessary electronic links for exchanging information with their supply chain partners and then integrating that information with the customers' core business processes. The company signed its initial contract with ManagedOps.com just when it was about to begin a very important project. Only six weeks after signing up for ManagedOps.com's service, Gung-Ho was to begin delivering a huge allotment of the Kiplinger Tax Cut tax software program for Block Financial Corporation, the parent company of the H & R Block tax service. Block also publishes numerous legal and business software programs.

During the first week of this project alone, Gung-Ho was expected to manufacture and distribute 1.2 million packages of software. "That's more than 200,000 packages a day, and we had to deliver them to as many as 15,000 different locations," Wade recalls. "We shipped them from our facilities straight to Block's customers. Sometimes that meant shipping to an individual Staples or OfficeMax store. Sometimes it meant shipping to a large Wal-Mart distribution center. Either way, we were completely in charge of manufacturing and delivering those products. And our contract called for us to pay a \$100,000-a-day penalty if we didn't deliver on time."

A JOB WELL DONE

When the job was completed, Block informed Gung-Ho that it was missing shipment confirmation data on only 5 packages of the nearly 2.5 million that had been

shipped. Gene Goldenberg, Block's senior vice president, software and e-commerce, calls this performance "remarkable."

ManagedOps.com took over the burden of installing and managing the infrastructure for GENIE and GOLD, leaving Gung-Ho's personnel free to develop software programs that could manage the manufacturing and distribution processes. "We had a lot to worry about in terms of project management," Wade says. "Because of ManagedOps.com, we didn't have to worry about the computer systems."

ManagedOps.com secured all of the hardware that was necessary to run GENIE and GOLD, in addition to installing the Great Plains ERP software and the Microsoft BackOffice pieces that were needed for additional support. With those issues covered, Wade was free to work with a group of software programmers—also hired by Gung-Ho on a contract basis—to create custom code that would make GENIE move goods through Gung-Ho's virtual supply chain in the most efficient manner.

NO IT STAFF NECESSARY

"Being a virtual company, we have no in-house IT staff," Wade says. "We view ManagedOps.com as a partner who handles that aspect of our business." Wade also says ManagedOps.com's entire service is less expensive than having even a single IT person on staff.

"If we had an IT specialist on staff, that person would have to be knowledgeable in many areas—Great Plains, FTP protocols, the Web," Wade says. "Even someone with only part of those skills would be more expensive than the ManagedOps.com service. For a medium-sized business like us, the ASP model is definitely cost-effective."