Helping Dealerships Focus on Dealership Business

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Today’s dealerships are beginning to fully understand and appreciate the value of an Application Service Provider (ASP) solution to support dealership technologies. ASP, or hosted, computing solutions allow dealerships to secure their dealership data and operational continuity; transfer day-to-day information technology (IT) management responsibility to the ASP provider; and free up valuable dealership resources to focus on the core business of finding and keeping more customers.

To fully understand how ASP solutions can deliver value for your dealership, we need to examine what ASP is and how it is provided to dealerships.

What is an ASP Managed Service solution?

Application Service Provider (ASP) solutions have their roots in Software as a Service, or SaaS, a business model that lets you use the Internet to access and use software applications, like email, customer relationship management, and so on. For dealerships, SaaS solutions such as ASP involve contracting with an automotive technology provider to host, deliver, and secure the dealer management system (DMS) and other applications, as well as their data. With ASP, the dealership turns over its IT-related issues, concerns, and headaches to the technology provider’s secure hosting centers, freeing the dealership from buying, upgrading, backing up, and managing servers; coping with and recovering from disasters and system outages; and coordinating software upgrades, tape backups, and system maintenance.

How is ASP provided to automotive dealerships?

Like SaaS solutions, ASP takes advantage of secure Internet technologies to provide automotive dealerships access to their applications from the “pay-as-you-go,” always-on, secure hosting centers. ASP solutions offer a clear advantage: dealerships have complete control over their applications and data, but without the onsite administration and management headaches of traditional installations of a DMS and other applications.

What Makes ASP Solutions Right for Auto Dealerships?

ASP is the ideal solution for dealerships that need to:

• Get out of the IT business of routine management, upgrades, and maintenance
• Free up resources to focus on core, profit-building business activities
• Secure dealership data and operational continuity

When dealerships turn over their IT responsibilities to an ASP provider, they’ll be able to focus already-limited resources on finding and keeping more customers; selling more cars, parts, and service; and other dealership-specific business.

Getting out of the IT business with ASP Managed Services

When dealership technology providers ask dealers to purchase onsite servers, those dealers must look into the proverbial crystal ball and try to predict future technological needs. What if you open another location? Or close one? What if OEM requirements change?
More than that, today’s technological “shelf life” is much shorter than it was even five or seven years ago. What works today might not work in three years. The technology choices yesterday might not be right tomorrow. Dealerships—whose core business is not technology—simply cannot be expected to understand how and why technology changes, nor can they be expected to respond to every change.

With ASP, dealerships can put away their crystal balls and, in addition, get out of the IT business of routine management, upgrades, and system maintenance. There’s no need to be locked into capital outlays or worry about misplaced investments; it’s easy to adapt to changing automotive retail environments with better, newer, more efficient technologies because the ASP provider is invested in making those changes.

Focusing on profit-building activities

Dealership employees are continuously pressured to “do more with less,” making ASP DMS implementations an ideal solution for businesses that are struggling with a lack of resources and time. With a traditional DMS deployment – where servers are maintained onsite – already busy employees are diverted to IT activities that do not necessarily deliver profit to the bottom line, even though the IT functions are critically important. In addition to dedicating otherwise profitable resources to IT functions, dealerships often underestimate the total cost of purchasing, maintaining, and supporting onsite servers and applications.

However, by working with an ASP technology partner, employees are free to focus on selling more cars, parts, and service, as well as finding and keeping more customers. Meanwhile, the technology partner hosts, maintains, supports, administers, and monitors the DMS and applications that sustain the core business and the dealership data on which you make your critical business decisions. The ASP secure hosting center can also keep the dealership on the cutting edge of consumer technologies – moving more applications to the dealership website, creating mobile websites and applications, taking advantage of new security features, and so on.

Securing dealership data and operational continuity

In the past, dealership managers have felt more secure in housing their own servers to deliver the DMS and other software, and to store their own data. Unfortunately, this type of DMS installation may actually be less secure than an ASP solution. Ask yourself the following questions:

• What if a power outage or natural disaster took my servers offline for several days? How much money would my dealership lose?
• What if my server crashed or was stolen? What would the system downtime cost my dealership?

With an ASP solution from a reliable, experienced technology provider, dealerships can prevent these cases of lost revenue and keep businesses running 24/7. Outsourcing to an ASP partner can provide even the smallest dealerships with the necessary disaster protection and recovery, infrastructure and network resiliency, and backup redundancy to maintain data security and operational continuity.

Select ASP providers can offer even greater security through their secure hosting centers. When evaluating a potential ASP partner, look for the highest quality standards, security, and resilience for protecting your valuable dealership applications and data:

• Onsite physical security systems and personnel
• Offsite backup tape storage in at least two redundant locations, maximizing the safety and security of your dealership’s data
• Fire suppression systems
• Environmental controls
• Backup power generators

These physical security features combine to provide dealership data and applications with a highly secure, reliable, and available environment to increase business uptime and reliability.
How to Select an ASP Managed Services Partner?

The decision to outsource your dealership technologies to an ASP provider is an easy decision that provides clear advantages for large and small dealerships alike.

But the decision about which ASP partner is not so clear-cut. Once your dealership has decided to move to an ASP platform, consider the following characteristics of a reliable ASP partner:

- **Automotive retail experience and close partnerships with OEMs** – Whereas many good ASP providers are right for certain markets, the automotive retail business brings its own unique challenges, intricacies, and considerations. Look for an ASP partner that has significant experience in and understanding of the dealership business. Moreover, make sure that potential partner has close relationships with the OEMs; this understanding ensures that your dealership is not only meeting the OEM’s current requirements, but is adaptable to future, changing needs.

- **Highly secure, Tier 4 data centers and dedication to the hosted technology field** – Today’s data centers are evaluated by a standards body to ensure they meet the critical infrastructure needs for today’s SaaS solutions. Then, the data center is rated based on what cyber and physical security measures it has in place. Look for an ASP partner that has invested in Tier 4, the highest possible rating today, data centers. That level of security protects your critical dealership applications and data so you don’t experience downtime or security threats. Your potential ASP partner should also be dedicated to the hosted technology field; that is, it should not be an “after thought” to compete across business models. The right ASP partner will have hosted technology as its core competency, and Tier 4 data centers are simply part of the standard package.

- **Close working relationships with premier technology providers** – With technology as its core competency, the right ASP partner will also have close working relationships with today’s premier technology partners, including Cisco, EMC and Microsoft. These deep technical relationships mean your dealership can leverage buying power, access resources, and understand technology roadmaps to prepare for the future. These technical relationships go beyond standard certifications and are a hallmark of a qualified, reliable ASP partner.

After those top three considerations, you’ll also want to evaluate an ASP partner based on its ability to train dealership staff in using DMS, CRM, and other applications; financial stability; and testimonials and referrals from other ASP clients.
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