

Jamcracker

I. Executive Overview:

Jamcracker, originally known as Exodus Communications, is a service delivery company that was started in 1995. Jamcracker is not a standard application service provider. Instead, Jamcracker is a service delivery organization that combines services from many application service providers and combines them into one, integrated enterprise suite. Application service delivery is a relatively new market, and service aggregation of service delivery is an even newer market, which Jamcracker specializes in.

II. Critical Issue:

The critical issue for Jamcracker, as isolated by this report, is the issue of selling a new class of product to customers. Specifically, Jamcracker must convince new customers to switch from internal service delivery to Jamcracker's service delivery suite. Additionally, it is critical for Jamcracker to deal with customer concerns regarding service levels, security, and privacy. These concerns are amplified because of the very new nature of aggregated service delivery.

III. Analysis:

In order to convince potential clients to purchase Jamcracker's services, the company must meet general requirements. First, the client must be convinced that the initial investment needed to switch to Jamcracker service delivery would be worthwhile. Second, the client must be assured that service level, security, and privacy concerns are efficiently handled. Finally, the customer must be convinced that the risk of entry into a new frontier of service delivery (aggregated application service delivery) has rewards that justify that risk.

a. Investment issues with infrastructure conversion

Whenever a company chooses to make changes in its infrastructure, it makes a conscious decision to make a large investment in the present to streamline and make more efficient, operations of the future. Often, the aversion to large investments deters companies from making outsourcing and external service delivery decisions. In order to recruit a new customer, Jamcracker must convince the customer that the initial investment of capital to outsource a part of their operations is minimal, and that the investment will pay for itself relatively quickly, in terms of cost savings and streamlining effects.

In addition to capital investment issues, companies are often unwilling to change certain parts of their infrastructure and Jamcracker must be flexible in this regard. Certain core competencies must remain within a company, because the core competencies are what give a company competitive advantage. Other operations are contextual operations, and aren't directly crucial to the company's competitive advantage, but are tangential to it. A major issue is that from company to company, the core and contextual competencies differ greatly. Jamcracker must provide many options to the customer for their outsourcing needs. Jamcracker must be flexible in the levels of outsourcing it provides for every application.

The flexibility concept is embodied in the slider bar model shown in **Exhibit 4**. For each area that a prospective customer wishes to outsource, there are different levels of outsourcing that Jamcracker can give the customer. The customer informed of the level of savings at each level, and the initial investment needed to bring the company to that level. With these choices, companies can be given complete flexibility in terms of what they want to outsource, and to what extent. It is absolutely critical that Jamcracker allay all customer fears and be as personalized as possible, to convince customers to make an investment in Jamcracker service delivery.

b. Customer Concerns

In addition to investment and flexibility concerns, customers have technical concerns as well. Service level, security, and privacy concerns are at the forefront of issues that plague the IR industry. Jamcracker must prove to customers that the solutions they provide meet strict standards of all 3 of the aforementioned concerns.

In the current age of Web-based application access, and high speed connections, it is a *requirement* that most organizations provide services 24/7 and with minimal interruption. Companies are looking for systems with 99.999% uptime systems that are reliable and can handle varying workloads. Jamcracker must show their clients that the Jamcracker enterprise suite is capable of this. Additionally, since more and more IT companies are storing highly confidential data, data security is an absolute necessity. Jamcracker must provide secure encryption and the application providers used by Jamcracker must have the same, strict standards. Finally, privacy and security go hand in hand and Jamcracker must be able to reassure to customers that only authorized personnel can view sensitive data and that the data would be kept under close supervision.

c. Aggregation Difficulties

Perhaps the biggest obstacle in new client recruiting is the relatively innovative nature of service delivery aggregation and the difficulties of aggregation in and of itself. First, all the concerns highlighted in section III.b of this report are exacerbated by the fact that Jamcracker's technology is new to the market. Second, aggregation causes many integration difficulties and these difficulties may turn clients away.

In a new frontier of technologies, early failures and shortcomings often tarnish the reputation of the technology for long periods of time, especially since the technology has not had a chance to prove itself. For example, if Jamcracker's enterprise suite, failed for 2 hours on the second day of operation, the customer's faith in the availability of the system would be severely undermined because of the initial problems. For this reason, Jamcracker must be especially certain that availability, security, and privacy are all rock solid. This becomes critical in convincing a consumer to purchase.

Aggregation brings about technical difficulties which are of concern to a client as well. When a new application service provider is added to the enterprise suite, integration usually requires the entire suite to be updated. This is quite cumbersome and may drive consumers away. Additionally, when a *client* decides to use the Jamcracker suite, there are integration issues between Jamcracker and the client as well. Most of the time Jamcracker's engineers would perform the integration, but this puts an undue burden on the Jamcracker engineers, so the workload must be split. This initial investment of time, energy, and money, is another major deterrent to outsourcing. The minimization of hassle and investment for integration is also critical for customer satisfaction and customer-base growth.

IV. Recommendation:

It is the recommendation of this report that Jamcracker make a concerted effort to garner a larger client base. This effort must take place on multiple fronts and the recommended methods for this change an extension of the slider bar approach, a creation of strict standards for ASP's, and finally, a specific marketing focus to highlight the effectiveness of Jamcracker's Enterprise Suite.

a. Slider Bar Approach Extension

The slider bar approach, elucidated earlier in this report, is a superb method to show Jamcracker's flexibility and effectiveness in saving the client time and money. It is suggested that this slider bar approach be used pervasively and extensively. The change that needs to be made is in the scope of this approach. Currently it is used in an informal manner. Instead, each and every client should be given a slider bar for each and every part of their company that can be outsourced. Each slider bar should show operational savings for each tier of outsourcing and a meta-slider bar chart should be made to show the savings of different, specialized combination of outsourcing. For example, the meta-slider bar chart would show that if a company chooses to outsource only servers for e-mail (tier 1), netsourced application for word processing (tier 2), and wished to keep technical support onsite (tier 0), that the company would save a certain amount of money, showing a combined savings for different combinations of outsourcing.

b. Strict Standards for ASP's

Jamcracker must make strict standards that its application service providers must follow. Since clients are in an agreement with Jamcracker, the company is fully responsible for the service level, security, and privacy levels of its ASP's. For this reason it is essential for Jamcracker to set strict standard of accountability for ASP's it uses. This may weed out some service providers, but ultimately the goal of Jamcracker is to provide the best service, not necessarily the most service providers. So ultimately, Jamcracker's success is based on the efficiency and reliability of the individual ASP's it has partnerships with. The standards imposed should include encryption standards for security, access levels for privacy, and uptime guarantees to maximize availability to clients.

c. Marketing Focus

Jamcracker must market itself in a very specific manner. The company must show the consumer that it's efficiency and streamlining would be improved more by Jamcracker than it would be by total outsourcing or by buying separate applications from different application service providers. This can be done by highlighting the strengths of Jamcracker, highlighted in **Exhibit 5**. In short, Jamcracker must place a *focus* on it's marketing efforts to highlight the company's flexibility (via slider bar implementation), cost effectiveness versus stand alone ASP's (Jamcracker Enterprise's breadth), and centralized technical support structure. Currently, these are elements of Jamcracker's marketing mix and the recommendation of this report is to make these elements central elements in Jamcracker's marketing.