

# How To Push Your Company Toward VoIP

September 10, 2007

By [Kate Gerwig](#)

## **Small and midsize businesses are facing choices as they contemplate how to upgrade their voice and data networks. They also are discovering the power of integrating business applications with voice to achieve truly unified communications**

What IT professional doesn't love a tech surprise? David Carrier, IT manager of Mile High Racing and Entertainment of Commerce City, Colo., was no exception.

His special IT moment? Starting his new job at the horse and dog-track racing company and realizing that his predecessor had left no documentation about the voice network that supports a seasonal employee base of 130 to 500 people in five Colorado locations.

"Except for logs we tried to print off the PBXs, we didn't know what call groups were set up, what numbers were where, what numbers we might not even know about, or where they went," Carrier says.

PBX is a private branch exchange telephone switch owned by the telephone company, which reduces the number of telephone lines a business needs to lease from the telephone company.

Luckily, it was time for a change, and Carrier started researching converged voice and data network solutions for Mile High Racing's five-location business. With five different traditional PBXs, he wanted to manage the network remotely without having to travel to each location to do basic moves, adds, and changes.

Even luckier, he happened to call All Business Communications, a value-added reseller based in Waltham, Mass., and found out that his predecessor already had started the converged network discussion. The result seven months later was a voice over IP (VoIP) solution that ran over the company's data network. For \$120,000 in capital expenses, Mile High Racing had new Avaya IP Office IP-PBX, 130 VoIP phones and a network upgrade to ensure high-quality voice.

The payback for the new system will be complete return on investment in four years, Carrier says, adding that Mile High Racing will save \$50,000 a year alone on maintaining its old traditional PBX. Other advantages include four-digit dialing between the company's properties in Colorado, individual fax numbers on every desktop, remote management instead of multiple onsite visits to different parts of the state, and call management reports that increase administrative control.

## **No Technology Whims for Small and Midsize Businesses**

An increasing number of small and midsize businesses are facing the choice of how to upgrade their voice and data networks. But small and midsize businesses don't change technologies on a whim. Many decision makers are often the business owners themselves, which makes technology decisions feel much more personal.

"With cash flow a constant issue, the millions of small and midsize businesses worldwide don't want to replace their network systems until something is broken. They usually need to have a compelling event," says Eren Hussein, senior manager of SMB Solutions at Cisco Systems, whose company has a large share of the small and midsize business market and offers voice, data, and unified communications systems designed specifically for it. "Once they decide to get a new system, the decision is whether to make it a capital expenditure or an operational expenditure," he adds.

The wait for compelling events inhibits the growth of the converged voice and data networks for small and midsize businesses, however, as does a lack of education about what new technologies can do to make a business run better, Hussein points out. "But once a small and midsize business makes a decision, they want it immediately." After getting IP-enabled equipment, companies begin to realize that when using a single network for communications, voice becomes an important application on the data network, but just one among other business-critical applications that can be integrated into a new communications system.

"Lots of small and midsize businesses already know about VoIP, but it goes way beyond that. Over the next two or three years, companies will move away from buying piecemeal applications like VoIP, mobile, point-of-sale, or customer resource management applications [like] Cisco's," Hussein says. "An IP PBX is a basic service. Take it a step further and you get into truly unified communications that gives small and midsize businesses more integrated capabilities."

## **What are Your Choices?**

There are several approaches to moving toward a VoIP solution. For companies that don't go the purely [hosted VoIP](#) route, the choices include:

- Buying and managing the equipment yourself
- Using a network-based solution from your traditional phone company
- Buying or leasing equipment from a regional value-added reseller
- Having your VAR manage your VoIP system on their premises or yours
- Going to a new VoIP service provider that offers a variety of managed and unmanaged systems that include interactive access devices (IADs) housed by them but managed by you

A close analysis of your company's needs and constraints should make your choice obvious, but even if you decide to manage your converged voice and data system yourself, you can always change your mind and get some management help from a service provider, a VAR, or a systems analyst.

The size of the company doesn't dictate the best technology path to take. According to Joe Scotto, global director of product marketing for Avaya SMB Solutions, segmentation in the small and midsize business market varies not just by size, but by industry and the need for sophisticated applications. "Very small dot-com startups will definitely look into what VoIP can do for them, as will legal and professional services firms," he says. Beyond voice, Scotto sees VoIP as "the pipe that opens up the ability to link in business-critical applications on top of it."

Although most small and midsize businesses change technology only when absolutely necessary, VoIP-enabling technologies are on the rise. According to AMI Partners, IP-PBX spending in the North American small business segment (one to 99 employees) will increase from \$47 million in 2006 to \$1.67 billion in 2010. In the midsize business segment, AMI Partners projects that IP-PBX spending in North America will increase from \$46 million in 2005 to \$1 billion in 2010. Globally, AMI projects that IP private-branch exchange (IP PBX), VoIP gateways, soft switches, VoIP application services, and IP phones and adapters will grow from \$2.4 billion in 2005 to \$9.7 billion in 2010.

### **How to Manage Convergence**

If it's time for a change, the first thing small and midsize businesses need to do is analyze their company's needs and expertise and constraints. The choice of VoIP system can depend on where the company wants to locate the system -- on their own premises or on someone else's, the level of control they want to outsource or keep in-house, the capital investment required, the number of functions they need, and the amount of support necessary.

If you're looking for a new voice system, Nemertes Research Executive VP Robin Gareiss suggests doing the following:

- **Slow down.** Most executives tell Gareiss that in hindsight, they felt rushed to get a new system up and running. The recommendation is to take your time making a decision and to evaluate at least four vendors.
- **Compare apples to apples.** When you're comparing companies, make sure you have all of the information when it comes to pricing, in particular. One vendor's price for hardware may be cheaper, but find out if it includes the cost of any needed network upgrades to handle high-quality VoIP.
- **Get a network assessment.** Don't just look at the cost of the hardware if you're buying the equipment yourself. Either in-house IT staff or a hired expert should perform a baseline assessment of your network to see if it's ready for VoIP.
- **Assess on-staff IT skills.** Whether you want to manage your communications system in-house or have it managed for you depends on how skilled your IT staff is and how full their existing workload is with other business-critical applications.
- **Get the whole team on the same page.** In smaller companies, having buy-in from everyone on the team may not be a big issue, but in midsize companies, it could mean getting 10 people on board for the change. Gareiss recommends having a well-defined project leader and making sure there's no internal infighting between the data, voice, applications, or security staff before you begin.

- **Get the right training.** Vendors and VARs often provide training. But training can be expensive -- about \$2,000 per person. If possible, Gareiss recommends training Internal IT staffers, then having them train other employees in the basics in 20-minute sessions.
- **Get the right management tools.** Once your business exceeds about five locations, the free management tools that come with an IP-PBX don't do the job, Gareiss cautions. Many companies find themselves buying additional tools within a year to 18 months, he adds. Either look at upgraded management tools from the vendor or go with a third-party IP telephony management vendor. Specialized tools will help isolate problems more easily. If your service provider is going to manage the system for you, make sure you can get the kind of reports you need on a timely basis.

### **Who Should Manage the Network?**

Only 25% of small businesses with up to 99 employees have a dedicated IT person, according to Sanjeev Aggarwal, AMI Partners VP of SMB IT infrastructure. When looking at midsize businesses with 100 to 999 employees, the percentage jumps to 80. But even companies with IT staff don't necessarily have voice expertise and may be overloaded with maintaining the data network and other applications.

Even without an IT person on staff, today's IP-PBX's are much easier to manage than traditional PBXs. After getting the right training, some companies may decide to manage their own IP-PBXs in house, or they may decide that even with IT staff, they would rather have someone else manage, update, and troubleshoot the system.

"People who decide to manage an IP-PBX in-house find that it only takes them about 20 hours a week to manage and monitor the system," according to Gareiss. That's the easy part, she cautions. "When the first outage happens, that's when they realize they don't have the time, training, or expertise to know how to resolve problems." In the past two years, Gareiss says many midsize businesses (800 to 1,500 employees) moved to a managed model where they own the equipment and have it on their location, but they hire a third party to monitor it 24/7.

### **Finding a Trusted Adviser**

Small and midsize businesses rarely buy hardware directly from the vendor. Most often, the big vendors work with regional VARs who, as vendor partners, are trained in the intricacies of a particular solution. For businesses that previously interacted directly with the telephone company, however, doing some research to find a VAR that fits is the best bet. Systems integrators and consultants also are part of the VoIP equation because they take communications systems and link business applications to them.

Ascend Technologies in Atlanta, for example, primarily serves businesses with 100 employees or fewer. "We go in and take 30 minutes to educate them on the three types of systems available -- traditional digital systems, hybrid solutions, and pure VoIP," says

David Roberts, VP at Ascend. "You have to take the customer's existing network into account and walk them through everything they'll need to deal with."

VARs also can offer a variety of ways for small and midsize businesses to get the solution they want, whether it's leasing the equipment from the VAR and having the VAR manage it, buying it outright, or having the VAR fix anything that breaks.

### **Sticking with What You Know**

If your company has a relationship with one of the traditional telephone companies, finding out what IP-enabled solutions that carrier offers should be on your consideration list. The caveat is that while the phone companies provide service to millions of small and midsize businesses, their services haven't always been tailored specifically to them. Be prepared to ask the telephone company to cut through the technology jargon and explain exactly how your service would work and how it will be billed.

All of the major telecommunications carriers have some VoIP solutions, "but they don't promote them as actively as newer providers because it puts their revenue from traditional local and long-distance services at risk," says Steve Hilton, Yankee Group VP of enterprise research. "Once they start pushing it harder, the competition for customers will get more intense."

Verizon, for example, offers four different IP-enabled services designed to suit a spectrum of small and midsize businesses that either use the customer's existing equipment (whether analog or digital) or host and manage the system for the business within the telecommunications network. This approach allows for a slower migration to VoIP. "Most small and midsize businesses coming in the door know something about VoIP at this point," says Carrie Gray, director of marketing for Verizon Business Solutions group. "Some have even bought an IP-PBX and not even known it. The difference from five years ago is that people understand that they can experience the same quality of service that they would in the traditional environment."

### **A Managed Services Provider of a Different Kind**

Some new and nimble service providers are offering small and midsize business communications solutions that fall between buying an IP-PBX, choosing a hosted VoIP solution, or staying the course with the phone company.

Michele Shoda, principal broker and owner of [Solid Source Realty](#) in Atlanta opted for new and nimble for her growing Atlanta-based real estate company. Starting alone in her home almost five years ago, Shoda now runs the largest independent real estate business in Georgia, with 10 offices and 1,800 agents in what she calls the first paperless realty company in the country and the fastest growing privately held company in Atlanta.

[Cbeyond](#), a managed services provider for small and midsize businesses based in Atlanta, topped Shoda's list after she researched her VoIP options. Before going with Cbeyond, she bought individual local lines from BellSouth and got her long-distance service from

AT&T. "I had to wait a day for BellSouth to get back to me with answers. I don't have time for that," she says. Cbeyond provides VoIP over a private managed network.

Shoda's company now leases 13 T1 (1.544 Mbps) lines from Cbeyond, which also manages her integrated access device (IAD) that aggregates her voice and Internet services on its premises. With Cbeyond, Shoda pays for her services monthly and doesn't own the equipment.

"The pit we fall into as small business owners is that we don't want to borrow money. We have to make the hard decisions of whether to invest upfront."

Until recently when the company hired an IT person, Shoda did her voice and data network management at home at night on her Cbeyond online portal. "A person like me can do it without an IT background. I can click once and add a phone line. That's what makes it beautiful."

For about \$500 a month for each T1, Shoda gets six voice lines (mobile or wireline), an 800 number, and a fax line with each T1. When calls come in, they can be routed to wherever the employee is located at that time. "How do you grow from one Realtor to 1,800 in five years? We are providing information through technology to our clients (the Realtors), and their clients are the public. As we grew, we needed employees to be linked to each other," Shoda says.

In business since 1999, Cbeyond's original goal is to provide big business communications to small businesses at an affordable price, says Brooks Robinson, co-founder and chief marketing officer. The company also provides e-mail services, Web hosting, fax-to-e-mail applications, a PC backup service, conference calling, and calling cards, all on one bill with one support number for all. Cbeyond has its own sales reps to sell directly to small and midsize businesses, as well as VAR partners like Access Technologies.

### **All Signs Point to VoIP Adoption**

No matter how you approach it, one VoIP variety or another appears to be on the horizon. "We're beyond the early VoIP adopter phase," according to Gareiss. "I rarely talk to any company that has absolutely no plans for VoIP. They're either using it already or it's on the drawing board for the next two years, or they're evaluating systems or running a pilot program."

And once VoIP is introduced to a small or midsize business, the door is open to integrate business applications to make small and midsize businesses as technology-efficient and productive as possible.

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