

White Paper

VoIP for the Small Business: Reducing your telecommunications costs



Research firm IDC has estimated that a VoIP system can reduce telephony-related expenses by 30%.

Voice over Internet Protocol (VoIP) has become a viable solution for even the smallest of companies as broadband internet access has become affordable and much more widespread. VoIP offers a low cost alternative to the traditional, expensive phone services and is rapidly becoming the communications system of choice, providing a telecoms system for businesses seeking to work in more than one location. Homes, remote offices and even temporary offices can all be linked via a single system. Moreover, the system helps to reduce telecommunications costs and provide a single point of billing for all locations. Hosted VoIP services are also gaining popularity among smaller companies since, these services do not require any investment in hardware.

Your rising telecommunications costs

As a small business owner, you are under constant pressure to control your costs. You may have employees who work from home or who are mobile and need to keep in touch with HQ and clients. As your business grows, your monthly phone bill likewise increases, so you need to look for new but effective ways to minimise your telecommunications costs. More importantly, users not linked by VoIP use home land lines and mobile phones, so your administration costs becomes an administrative nightmare.

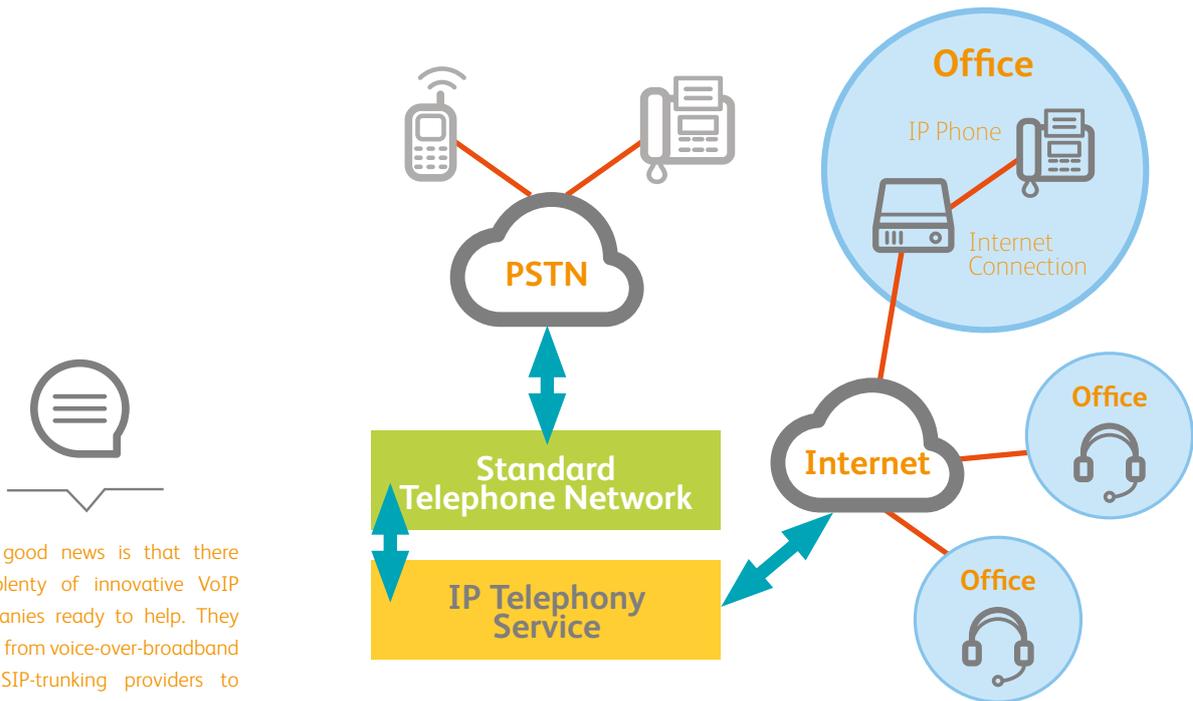
VoIP: a 30% cost reduction

Researchers IDC have estimated that a VoIP system can deliver a 30% reduction in telephony related expenses.¹ Until recently, small businesses had no other real alternative to the traditional phone system, often screwed to a wall in the corner of the office and linked to traditional BT connections, usually digital ISDN lines. However, today a technology called Voice over Internet Protocol (VoIP) has become a viable solution for even small companies since broadband internet access has become more affordable and popular among small businesses. VoIP is a revolutionary technology that provides inexpensive voice communications and can be used in more than one location, offering the chance to provide business telecoms services at an affordable price.

What is VoIP?

Voice over Internet Protocol (VoIP), also called IP telephony, is the technology that allows you to make voice calls via the internet instead of traditional phone lines. You can make calls using a dial up connection or a broadband connection (however, a broadband connection is necessary for superior voice quality).

FIGURE 1: A VOIP TELEPHONY SYSTEM



“The good news is that there are plenty of innovative VoIP companies ready to help. They range from voice-over-broadband and SIP-trunking providers to vendors of IP PBXes that work with such SIP trunks. Typically, they are not big name providers with huge support organisations. The sophisticated services they offer, aim to make their small business customers seem bigger.”

Robert Poe
VoIP News

TYPES OF VOIP SERVICES

FREE VOIP SERVICES

There are many free VoIP services that allow you to make free computer- to-computer calls. These services are mainly designed for individual use, and include such services as Yahoo Messenger, MSN Messenger, and Google Talk. They provide you with instant messaging tools and also allow simple videoconferencing.

Skype is one of the most popular VoIP service providers, and most of its services are free. Skype allows you to make free Skype-to-Skype calls, video calls, and conference calls, and also provides an instant messenger tool. These free services work well for staying in touch with family and friends, but may not provide you with the voice quality and reliability needed for your professional ongoing business needs.

BUSINESS VOIP SERVICES

These services are specifically intended for business use, offering the quality of services required by professionals, and consequently are not free of charge.

Many of the business voip providers offer a ‘Hosted System’ which simply means, you don’t have to own or install any equipment into your office(s). You just connect a VoIP telephone to your internet connection and all of the call routing, call forwarding, voicemail, transfer ability and many other features are handled by the provider.

The added benefit of this method is that the systems are always being improved, so you benefit as the provider makes upgrades and improvements to their platforms. Finally, the hosted model also means you can pay a small monthly fee and know that all your telecoms service needs are covered.

HOW CAN VOIP SAVE YOU MONEY

VoIP offers many benefits and useful features over traditional telephony. The most significant benefit is that it brings together all of your company's users into a single system and a single point of billing. This means you no longer need to worry about individuals claiming for call expenses each month, if they've been working from home or other locations. It also means that anyone calling within your organisation, regardless of location, experiences a free call. Internal calls on VoIP are always free, even if it's to another office or geographical location. Finally, the biggest cost saving comes from an ability for Hosted VoIP providers to offer bundle deals for calls.



“VoIP phone services are cheaper than traditional telephone services. If your business is making frequent long distance calls, then VoIP can dramatically reduce your phone bills as many VoIP service providers will allow you to make unlimited long distance calls at a very low flat monthly fee.”

- **Lower costs:** By providing a bundle deal, hosted VoIP providers can save you significant costs on your standard calls. It is not uncommon to be charged a flat fee per month, which covers a large volume of inclusive calls to UK landlines and a generous allowance for calls to UK mobiles. Some providers are also now offering bundles that include a near unlimited number of International calls. In summary, all of these features and benefits saves your business money by reducing your phone bills through network convergence and by providing you with many useful telecom features at no additional charges.
- **No additional charges for special features:** Almost all of the VoIP service providers offer many useful features free of cost as these services are bundled with a VoIP service. For instance, it is common to receive the following services as part of a Business Hosted VoIP system:
 - Call Recording
 - Per Extension Voicemail
 - Call Divert (based on time of day or day of week)
 - Conference Rooms for multi user conversations
 - Call Redirect to external numbers
 - Plus many more.
- **Savings on adds, moves and changes:** As your business grows, many new employees may be added to your company. Over time, some of your existing employees may leave the company. With a traditional phone system, adding a new phone line or changing an existing line is an expensive and time consuming job, often requiring the services of an expert who charges per service call. VoIP is suitable for your growing business needs as adds, moves, and changes are very easy to perform yourself via a Web-based control panel.
- **Increased productivity:** VoIP provides you with several large, enterprise-level communications capabilities, such as auto-attendant (answering system) and find/follow features. Until now, these capabilities were very expensive and were only possible through Private Branch Exchange (PBX) telephony systems. However, with today's VoIP solution, your small business can have access to these advanced capabilities. For instance, your company can have access to a find/follow feature that permits rerouting of calls automatically to employees wherever they are located. With this facility your employees can choose to have calls follow them from a traditional desk phone to their cell phone or even to their e-mail boxes.
- **No need for separate networks:** With VoIP, you do not need to maintain separate networks for voice and data. You can converge both networks into a single network, making the overall management quite simple.

HOST VS PREMISE-BASED VOIP

You have two options available to you: you can manage your VoIP system onsite, or you can opt for hosted VoIP services. In an onsite based model, all hardware related to the IP phone system will reside at your company's HQ. You will purchase, install and maintain all the equipment and you will need in-house expertise to operate the system.

On site based systems are complex to install and maintain. In addition, you must invest money in equipment.

In contrast to an onsite based system, hosted VoIP solutions involve limited upfront costs. You simply need to make a small investment on VoIP handsets for users desks or homes. All the equipment is managed off site by a service provider and there is no physical hardware onsite to maintain. The service provider maintains and supports the equipment and you receive all the services for a flat monthly fee.

Small companies are quickly adopting the hosted Voice over IP (VoIP) model as it is the more reliable and cost effective solution. You receive services for a flat monthly rate based on the number of lines and features.

CONCLUSIONS AND RECOMMENDATIONS

Until recently, smaller companies have had no real alternative to expensive conventional phone systems. Now, as broadband internet access has become affordable, even for small businesses, VoIP is becoming a cost effective, feature rich alternative to traditional phone systems. Small companies are quickly adopting hosted VoIP solutions to lower their telecommunication costs and benefit from Enterprise features at little or no additional expense.

RECOMMENDATIONS

Check out the following before you decide on your network solutions:

- Network assessment is essential to implement VoIP solutions effectively. Your IT support provider can do this for you.
- A hosted VoIP solution is the best alternative for you if you do not want to invest in equipment and you do not have dedicated IT staff to manage the service onsite.
 - The service provider who offers their VoIP services within a 'flat monthly fee model' may prove to be more suitable, as you will have predictable monthly expenses.

NOTES

1 -IDC White Paper (2006), "VoIP: Delivering the Competitive Advantage,"

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