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## The Benefits of Business VoIP

by Clare Kaufman

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# ***The Benefits of Business VoIP***

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## ***Introduction***

Voice over Internet Protocol (VoIP) technology offers businesses an unbeatable proposition: streamline telecommunications while reducing total cost of ownership. VoIP integrates business communications into a single infrastructure: the data network. From small businesses to large enterprises, VoIP users report increased productivity, flexibility, and lower bills.

It's no wonder that Business VoIP solutions are steadily gaining market share. A 2007 study by industry analyst In-Stat found that 20% of U.S. businesses have switched to VoIP. That figure is expected to reach seventy percent within four years as businesses phase out their legacy PBX equipment. As Network World observes, "TDM (traditional circuit-switched technology) did itself proud over the years, but VoIP is riding the wave of converged networks and delivering management, application, and other benefits."

What does this mean for your business? Business VoIP systems offer benefits too significant to ignore. Whether you choose to test the waters with a hosted service or invest in a full-fledged VoIP solution, Voice over Internet Protocol promises to extend and simplify your business communications infrastructure.

## ***VoIP Technology: An Overview***

Voice over Internet Protocol introduced a simple yet profound innovation in telecommunications: the ability to transmit voice over a data network. Traditional phone systems rely on circuits switched by PBX (Private Branch Exchange) equipment and phone lines connected to the public switched telephone network (PSTN). VoIP bypasses this conventional telephone hardware, transmitting voice over the company's existing data network. The system converts the signal digitally and sends it by voice data packets through an Internet Protocol (IP) such as a standard broadband connection or the corporate intranet. VoIP can also access the public switched telephone network, allowing calls to reach conventional land lines. This compatibility between VoIP and PSTN enables businesses to migrate to VoIP gradually without abandoning their legacy system.

## ***Benefits of Business VoIP Systems and Services***

Voice over IP systems promise to increase productivity while lowering costs--a win-win situation for businesses. The basis of this claim is the technology's convergence of voice and data onto a single unified network. Users enjoy easier access to information, greater flexibility, and more advanced functionality. And the streamlined infrastructure is easier and cheaper to maintain.

### **Increased Productivity**

Computer IP networks simply offer more agility than traditional wired phone circuitry. This efficiency translates into significant productivity gains for users in the following ways:

#### **Access**

Business VoIP users can take the office with them wherever they go, accessing the system via any internet connection. This anytime, anywhere access is crucial for a mobile workforce, accommodating workers stationed abroad, in transit, or simply telecommuting from home. With VoIP, users can check voicemail and email, access project data, and place calls--all over a single network, using a single communication device.

## **Integration**

VoIP technology integrates with other communication technology, such as Customer Relationship Management software and Outlook. CRM integration is essential to increasing productivity across sales and support functions. The system can automatically retrieve customer data on an incoming call--thus service representatives have a caller's history at their fingertips, and sales has the necessary information to target a pitch or track a customer's order status. And everyone can benefit from unified messaging, which delivers voicemail messages to the user's email inbox. Nortel's CallPilot Unified Messaging, for example, combines voicemail, fax, and email into a single location accessible by internet or phone.

## **Flexibility**

Business VoIP--especially hosted service--scales immediately to a business' needs. Users can make changes to the system without relying on IT support, either by making changes directly on an Internet dashboard or by placing a call to a hosted service provider. The online interface allows users to set call-routing preferences, install new phones, and even add new functionality. Rearranging desktop phones is simply a matter of unplugging and moving them to another outlet--there's no PBX circuit-switching or re-wiring necessary.

## **Functionality**

Many advanced functions that are either a luxury or unavailable on PBX systems come standard with VoIP. These features include advanced call forwarding and electronic messaging, custom auto-attendant, three-way conferencing, videoconferencing, and Advanced Call Distribution (ACD) functions such as skills-based call routing.

## ***Lower Total Cost of Ownership***

Overall, the telecommunications industry estimates that businesses cut their telecommunications costs by about 30% when they switch to VoIP. Some of the factors in the cost savings include:

### **Lower startup costs**

Business VoIP systems do not require the initial investment in PBX and other expensive equipment. Hosted service providers offer the lowest cost of entry; vendors such as Packet8 and Speakeasy offer monthly subscriptions designed for small, growing businesses. System hardware for a hosted plan amounts to no more than a set of IP phones and a voice gateway connected to the router.

### **Lower maintenance costs**

A streamlined communications infrastructure dramatically reduces maintenance costs. Aside from the inherent benefit of consolidating communications into a single network, a data network is more flexible and cheaper to maintain than circuitry and phone lines. Hosted service providers take care of the VoIP system hardware off-premises, and on-premises systems feature user-friendly Web interfaces for easy maintenance.

### **Lower monthly phone bills**

Since calls travel over the broadband connection rather than the PSTN, per-call and long-distance costs virtually disappear. BlueTrack, Inc. reported a 77% savings on monthly telecom bills when the company switched to Vocalocity. Hosted service providers such as Packet8 also lower costs by providing advanced functionality a la carte, allowing smaller businesses to invest only in the features they need.

## ***VoIP in Action: Two Case Studies***

### ***ANSR Inc., Vocalocity***

ANSR, Inc. is a small Internet marketing and real estate firm with a dispersed sales force. The company needed a cost-effective VoIP solution that could scale to its expanding communications needs and connect a mobile, scattered workforce. It also needed a flexible system designed to accommodate two distinct businesses (marketing and real estate) operating under one roof.

Vocalocity's Hosted PBX offered a VoIP system capable of managing communications across ANSR's dual business model. The system's call grouping feature allows ANSR to maintain two different call trees for each side of the business. Remote access to the voice-data network has been a boon for the sales force, which has seen productivity gains through remote recordkeeping functions as well as voicemail to email integration. The hosted VoIP service was ideal for this small, growing business, minimizing the time spent managing the system, and keeping start-up costs low.

### ***The Economist Group, Nortel***

On the opposite end of the VoIP communications spectrum, Nortel developed a full-scale converged voice-data network infrastructure for The Economist Group. As the publisher of a weekly newspaper, The Economist needed a system that could accommodate their business model, which relies on the ability to access and share accurate, timely information from remote locations. When the publisher relocated to a new office, the stage was set for a major overhaul of the company's communications infrastructure.

Nortel provided the core technology for the company's new VoIP system. Nortel's state-of-the-art Ethernet routing switches and WLAN access point support seamless wireless connectivity for voice and data. WLAN security switches ensure the network's security and reliable performance. The Economist's highly mobile workforce relies on the remote access features of Voice over WLAN, using Nortel Softphones and the unified messaging feature. And the total cost of ownership still came in under that of the legacy system due to the inherent cost efficiency of a converged network and simplified maintenance.

### ***Conclusion***

VoIP is the future of business telephony. As businesses phase out legacy equipment, traditional phone circuitry and PBX technology will become obsolete. Frank Dzubeck, president of Communications Network Architects, predicts that "VoIP will soon become an unequivocal necessity for companies," as global business, a mobile workforce, and the need for seamless voice-data integration force businesses to update their communications technology. Offering lower cost of ownership and better performance, VoIP is setting the next generation's standard for business communications.

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### ***About the Author***

*Dr. Clare Kaufman is a freelance writer who covers business and education topics.*