

# VocalocityPBX®

The Case for Hosted VoIP What Micro Businesses Need To Know

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### 1. INTRODUCTION TO VOIP

You're what we would call a Micro Business – under 20 employees, probably not using a PBX telephony system (Private Branch Exchange), and you may have multiple locations. If you do, it's likely that you have different phone systems at each location and there is no integration across them.

You've probably started hearing about VoIP – Voice over Internet Protocol - and are wondering if this might be right for your business. If you lack dedicated IT resources, you may be concerned about not being able to implement and support VoIP. Even if just some of these apply to your business, we believe this position paper will be of interest – and value – to you today.

There are two important ideas in this paper, and together, they will give you a sound basis for making some important decisions about how your business can be more cost efficient and competitive. Let's start at the beginning with VoIP and then address the hosted model. Finally, we will introduce Vocalocity and their unique approach for providing hosted VoIP to micro businesses.

VoIP is the acronym for Voice over Internet Protocol, and represents the successor technology to TDM – Time Division Multiplexing, which is how conventional telephony is provided today by your carrier. TDM provides the quality and reliability we've all come to expect when using the telephone, but has limitations as we move into the Internet age. Before giving serious consideration to VoIP, micro businesses need to understand what VoIP is – and is not. Figures 1 and 2 below provide a brief summary of the basics, and serve as a starting point for understanding the value VoIP represents.

**FIGURE 1. WHAT VOIP IS**

WHAT VOIP IS	EXPLANATION
CHEAPER TELEPHONY	Lower costs for long distance, network operations, maintenance and upgrades
BETTER TELEPHONY	Can do everything you do today, but even more – much more – and at less cost
EASIER TELEPHONY	No training or behavior changes are required, and employees can easily customize their features without relying on IT or tech support
THE FUTURE	All communications networks are moving to IP, and VoIP allows you to have all the latest features as well as the ability to integrate voice with other forms of communication such as email, fax, Instant Messaging and video
WHAT YOU NEED IT TO BE	VoIP is very flexible and easily customized to your needs – add/drop features, scale to grow as needed, and make changes when you want to make changes
AS GOOD AS WHAT YOU HAVE NOW	VoIP technology has matured in recent years, and is now a carrier-grade substitute for conventional telephone service for businesses of all sizes – there is no reason to expect you'll have to compromise with VoIP
GOOD FOR YOUR BUSINESS	With VoIP, micro businesses can get the feature richness of a PBX at a fraction of the cost – you can operate more like a big business and create that appearance for your customers and partners
READY TO USE NOW	VoIP can be deployed more quickly and cheaply than conventional telephony – today's solutions can be self-provisioned in as little as 15 minutes

**FIGURE 2. WHAT VOIP IS NOT**

WHAT VOIP IS NOT	EXPLANATION
FREE TELEPHONY	Some forms of VoIP are free, but micro businesses could not effectively do all their telephony this way. VoIP will eliminate several costs you're used to paying for, and reduce costs in other areas, but it will not bring your telephony costs down to zero.
COMPLICATED	VoIP may be a new technology but has been developed around the end user, not the network manager. Ease of use is a hallmark of VoIP, and is especially important for micro businesses.
DISRUPTIVE	Things will remain "business as usual" when adopting VoIP – you will not lose touch with your customers as you make the move, and internal operations will not be effected. Generally, employees will use the same numbers and extensions, and will not need to do anything differently.
RISKY	VoIP is no longer a hobby technology and is now a core offering from all service providers. In fact, you face more risk staying with conventional telephony as time goes on. VoIP provides cost certainty, easy upgrades for new features and better options for business continuity and disaster recovery.
LIMITED BY WHAT YOUR SERVICE PROVIDER OFFERS YOU	micro businesses have far more control over the services they use with VoIP. They no longer must rely on what the service provider offers. With VoIP they can draw from a much broader pool of third party applications, many of which are developed for the specific needs of micro businesses.

## 2. WHAT IS HOSTED VOIP?

Now that you have a working understanding of VoIP and what it can do for your business, you need to know the second part of the story, which is how you can get VoIP. There are several approaches you can take, but the two most popular are premises-based and network-based. Without getting technical, they are defined as follows: Premises-based The business owns and operates their telephony system, which is usually a PBX or a more updated IP PBX for larger businesses, or a Key System for smaller businesses. This requires a capital investment in hardware, and internal IT resources to manage it.

Network-based This is the outsourced model, better suited for smaller businesses that lack IT resources and/or do not wish to make a capital investment in owning a telephony system. There are several variations of this model, with hosted being one of them.

For micro businesses, our view is that hosted VoIP is the best solution. In a hosted model, the business only needs to make a nominal investment in telephone sets that are compatible with VoIP, and does not have to worry about operating, maintaining or upgrading their network to support VoIP. It really offers the best of both worlds by being a cost effective way to get PBX-caliber features without the risk or challenges of managing their network. The only real trade-off is giving up control and ownership over the telephony system, but for micro businesses, there is usually little at stake in the first place.

Figure 3 below is a summary of the important benefits and advantages of the hosted model. Think of these not just at face value, but how they are additive to what VoIP brings on its own. It is the combined set of benefits that leads us to conclude that hosted VoIP is an ideal solution for micro businesses looking to move beyond conventional telephony. So, in addition to the advantages of VoIP outlined in Figures 1 and 2, the hosted model brings a further set of benefits for micro businesses.

### FIGURE 3. BENEFITS OF HOSTED FOR MICRO BUSINESSES

WHAT VOIP IS	EXPLANATION
BENEFITS OF HOSTED	Only a one-time expense for IP-enabled telephones to support VoIP service and features. No capital expense is required and you are not locked into an asset with a long depreciation cycle.
IDEAL FOR MULTIPLE LOCATIONS	Hosted VoIP is very flexible for supporting branch offices, remote workers, and new sites as the business expands. All that's needed is to add handsets as you go when setting up a new office or adding more locations to your network.
BUSINESS CONTINUITY	Hosted supports the 24/7, mobile, on the road realities of today's business world. Business continuity is a core element of hosted, as the network services are housed in rock solid data centers. This also includes disaster recovery, a capability that no premises-based system can provide. In the event of a natural disaster or malicious network attacks, your messages and directories are never lost, and the business can carry on under all conditions.
RELIABLE SERVICE	Regardless of how busy your phone lines get, hosted always works. Your customers and employees will always be able to get dial, and they'll never get a busy signal, even during peak periods.
FUTURE-PROOF	VoIP is still a new technology, and we are just beginning to see what is possible. With hosted VoIP, you will always have the latest features and services, and will never need to worry about implementing them with your telephone system. For the first time, micro businesses have a solution not only to match what bigger competitors can do today, but to keep pace as technology advances.

### 3. THE VOCALOCITYPBX

We come across a wide variety of VoIP offerings targeted at small businesses, and all of them have merit. For micro businesses, however, we see Vocalocity's solution being particularly well suited. They have taken an innovative approach to providing VoIP service in a way that any micro business can easily use today. Their offering, as the name suggests – VocalocityPBX – delivers PBX-caliber features, but in a way that micro businesses are finding very appealing.

#### OUR RESEARCH LEADS US TO THIS CONCLUSION FOR FOUR BASIC REASONS:

1. Easy to get
2. Easy to use
3. Easy to grow with
4. Low cost of ownership

Building on the benefits of hosted VoIP discussed herein, these factors make VocalocityPBX a distinctive solution that we feel is a major improvement over what micro businesses have for telephony today. Consider each a bit further:

**EASY TO GET** VocalocityPBX is a software-based solution that you can download directly from the Internet. We see this being a big step forward for micro businesses, which otherwise must rely on their service provider or value-added reseller to provide a solution. Vocalocity has taken an innovative approach here by using the Web to create a new, cost-effective channel for micro businesses to upgrade their telephony systems. Never before has it been so easy for this market to transition to VoIP.

**EASY TO DEPLOY** Recognizing that micro businesses have limited IT resources, Vocalocity's solution is built around plug-and-play simplicity. Beyond requiring IP-enabled phones, micro businesses will typically have everything required to deploy VoIP right away. VocalocityPBX can be up and running literally in as little as 15 minutes, and will not disrupt operations in any way. The features are highly intuitive, and no technical expertise is needed to provision them from the Web as well as customize them to suit individual preferences. Furthermore, Vocalocity provides free technical support, rather locking you in to costly maintenance contracts that are standard among PBX vendors.

**EASY TO GROW WITH** Being Web-based and hosted, VocalocityPBX can be as feature-rich as your needs dictate. You never have to worry about missing out on cutting edge features, such as find-me/follow me, conferencing, integration with mobile phones and softphones for PC-based VoIP. With most micro businesses being new to VoIP, we see this being an important feature, as each business will choose to adopt VoIP at their own pace.

**LOW COST OF OWNERSHIP** For a variety of reasons, VocalocityPBX has strong economics for micro businesses. Being hosted, it provides several cost advantages over premises-based solutions such as a PBX. First, there's no Capex (Capital Expenditure) outlay for expensive hardware. Second, your Opex (Operating Expenditure) will be lower since network operations are outsourced and you do not need dedicated staff for this function. Building on this, you do not require costly maintenance contracts, and adding new features or extensions is easier and less expensive with hosted VoIP. VocalocityPBX also provides cost certainty in that your per-line pricing is all-inclusive. If you add or subtract lines, you know exactly what the cost impact will be. Furthermore, by downloading VocalocityPBX from the Web, you're buying direct, and getting better pricing than going through an indirect channel such as a reseller.

#### **4. Conclusion**

The micro business market has long been underserved for telephony, and as VoIP becomes more widely adopted, several solutions are now emerging. The benefits of VoIP are now apparent to businesses of all sizes, and our view is that the hosted model is very well suited for micro businesses. Vocalocity offers a hosted VoIP solution that we feel has several unique attributes that will resonate with micro businesses. They have achieved notable success to date, and this position paper has been prepared to present an objective assessment as to why Vocalocity has a compelling value proposition for micro businesses.



J Arnold & Associates, an independent telecom consultancy, produced this position paper. The contents herein reflect the conclusions drawn based on general research about the SMB market, micro businesses, hosted VoIP and Vocalocity.

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