



Q1 2013 WHITEPAPER

# One Connect, Inc

## The Benefits of Hosted VoIP for SMB's on a Budget

**One Connect, Inc.**  
1471 Route 9, Suite 202  
Clifton Park, NY 12065  
Phone: 518-371-2295  
Fax: 518-348-0206  
<http://www.oneconnectinc.com>

# Overview

Budgeting has always been a vital aspect of any successful business and, given the current economic climate, this is even more the case now than at any other time in recent memory. According to Forrester, SMBs are strongly interested in improving their IT infrastructure, but for the most part lack the budgetary leeway for new applications and infrastructure management. The motto of most SMBs at this point in time is, “Do more with less.”

The potential for cost savings has always been attractive feature of VoIP services, especially for SMBs, which typically have to invest a more significant portion of their resources towards phone service than larger corporations do. Savatar Research reports that for SMBs considering upgrading their phone system, the two most important considerations are generally recurring costs and the total cost of ownership. These two issues outrank even important factors such as features, change events — including changing locations, and natural disasters — and system management functionality. After switching to VoIP, the vast majority of businesses in the Savatar survey indicated significantly lower costs in comparison with their previous phone services.

There are generally two categories of VoIP services currently offered by most providers; hosted voice VoIP, and premise-based VoIP. Premise-based VoIP involves the installation of IP-PBX equipment at each business location, whereas with a hosted voice solution, all of the expensive and complicated network equipment is kept and maintained by the service provider. As a result of removing any direct involvement with that equipment, hosted voice VoIP is easily the more manageable, flexible, and cost-effective of the two options.

This white paper details the array of cost cutting measures and savings opportunities that SMBs can benefit from with a hosted voice solution, including:

- Future proof scalability and flexibility
- Lower startup costs
- Significantly lower long distance charges
- Affordable coordination between multiple business locations
- Cost control for traveling staff and telecommuters
- Business continuity
- No on-site maintenance
- Increased efficiency and productivity

## Future Proof Scalability and Flexibility

Rapid, or unpredictable growth is often a fact of life for many SMBs. Because expanding or reducing the scope of service is as simple as adding or removing a phone and a service plan, hosted voice services can scale very quickly in either direction, as business needs dictate.

Hosted voice services don't just scale for size, however, they also scale for time. Hosted voice is, for all intents and purposes, future proof. By keeping all of the hardware and the specially trained maintenance staff in one location, hosted voice providers find it much easier to upgrade their technologies as the technology advances. The need of IP-PBX and traditional telephony providers for on-site maintenance results in significantly less flexibility.

If current trends in the VoIP industry continue, future proofing is likely to be an invaluable attribute. All indications are pointing towards integration of VoIP and innovative software solutions to provide seamless, on demand customer relationship management (CRM) services, and more and more robust collaboration tools. The flexibility inherent in the hosted voice system will allow hosted voice service providers to more quickly test these products and bring them to market, allowing their SMB customers to more confidently make use of cutting-edge communication features.

## Lower Startup Costs

Unlike traditional telephony solutions, or even premise-based VoIP, hosted voice systems don't require SMBs to purchase or lease any expensive equipment. This reduction in capital investment can be a vital one, in particular for new or smaller SMBs.

The only equipment purchases necessary with a hosted voice solution are the handsets themselves, and possibly a voice gateway or VoIP router. IP phones are available in a variety of price ranges, and mirror traditional handsets fairly closely in terms of cost. Many SMBs also choose to combine their voice and data services into one network package, as doing so can result in drastic savings in infrastructure costs as well as in management overhead, simply by using one service provider for two services.

## Significantly Lower Long Distance Charges

Many SMBs find themselves in the unenviable position of using enough long-distance service to constitute a significant expense, but not enough to qualify for the volume discount plans enjoyed by larger corporations. By making use of the robust, multipurpose public Internet as opposed to the single purpose, private network of the traditional telecom industry, hosted voice providers are able to significantly reduce their operating costs. This, of course, results in much lower prices to their customers for traditionally expensive services such as long-distance calling.

Most hosted voice providers offer two long-distance billing options; metered, and unlimited. Metered billing, where users pay per call, is suitable for SMBs that seldom need long-distance calling. For SMBs that make frequent long distance calls, an unlimited calling plan is likely the better choice.

## Affordable Coordination between Multiple Business Locations

Many SMBs operate from multiple business locations. Unlike telecom solutions that require on-site equipment and maintenance, hosted voice systems are centralized, and are therefore able to treat multiple locations as if they were one unified location. One receptionist can direct calls for all locations, or calls can be directed by an automated system, saving on personnel costs. Additionally, because calls between locations never leave the provider's network, they are free of charge. For SMBs operating on a regional or national basis, interoffice calling is usually a significant portion of all long-distance call expenditures.

## Cost Control for Traveling Staff and Telecommuters

Three quarters of all North American SMBs have at least one employee who telecommutes, and on average 7% of their staff work from home at least one day per week. A hosted voice service provides the ability to drastically simplify the telecommunications system and reduce the costs involved with employees who travel, or work remotely.

Hosted voice providers often offer a service specifically designed for telecommuters which allows an employee to plug into the office phone system by means of a specially programmed IP phone that connects to their home broadband. This system makes the employees home office look, to the hosted voice system, no different than any other phone on the network. The employee can then function exactly as they would if they were physically in the office — with the same voice mail, extension dialing, and free calls to other business locations.

Some hosted voice providers offer a feature whereby users can route calls through the provider's network from any phone, even a personal or hotel phone, effectively turning any phone into a business phone. For employees who travel only infrequently, this feature can allow them to perform their duties without incurring much higher external long-distance charges that will then need to be reimbursed.

For employees who work from multiple business locations, the advanced call forwarding and routing options offered by most hosted voice providers allow one person to use the same number regardless of where they are working, or even if they are en route between locations. Employees can easily forward business calls to other business locations, or even to their personal cell or home phone without the need to make those numbers public. Employees who are consistently on the road can also take advantage of soft-phones — telephone functionality provided by software, in combination with a laptop and a headset.

## Business Continuity

Effective communication is the lifeblood of any business, both internal communications between business units, and external communications with customers, clients, and suppliers. With traditional telephony solutions, communications can be interrupted by anything from a minor equipment failure to a natural disaster such as a flood, earthquake, or fire. For most SMBs such a disruption of communication capability can be crippling.

The benefit of hosted voice solutions in this regard is that localized problems, even catastrophic

ones like flooding or fire, can have little or no impact on a business' ability to communicate. Because all the features and functionality are hosted off-site, even in a disaster situation automated directory service and voicemail will continue to function, and employees can use alternate methods to access the network. In cases of significant natural disaster, even if the business location is rendered completely useless, relocation can be accomplished in a matter of days, or even hours if the IP phones are still operational. All that is required is an alternate location with Internet access.

## No On-Site Maintenance

Although it has been mentioned before, it is worth pointing out more specifically that because hosted voice involves no major equipment installed at the business location, it also requires no on-site maintenance. On-site maintenance of telephony equipment is often time-consuming, usually expensive, and always disruptive.

Because of the networked nature of hosted voice, system maintenance is faster and less disruptive than with the alternatives. It also, more often than not, provides SMBs with more direct control over their telephony solution than do traditional systems. Business administrators can often make changes to the service themselves through a web portal.

## Increased Efficiency and Productivity

It may seem counterintuitive that the choice of a telephony solution could actually make a difference in the efficiency and productivity of an organization like an SMB, but a hosted voice system can accomplish this in two ways. The first way is by converting formerly lost time into productive time, in particular for employees who travel or who work from multiple locations. Instead of being out of touch for significant portions of their workday, these employees can now stay connected, making them more productive for more of their day.

The second way that hosted voice solutions can increase productivity is by actually changing an SMBs workflow in subtle but powerful ways. The ability to save voicemail messages as either audio files or transcribed text, and to forward those messages to other concerned parties is a powerful tool that can multiply the speed and efficiency of communication within any business organization. Likewise, many hosted voice providers integrate network conferencing and collaboration tools, empowering multi-location workgroups, virtual teams, and allowing for meetings regardless of the physical location of the attendees. These are the tools that keep SMBs fast, informed, responsive, and give them a competitive advantage.

# Summary

As more and more SMBs are feeling the economic pinch, there is a growing movement towards finding simpler, and more cost-effective solutions to the problems that all businesses face. Thanks to advancing technology and the robustness of modern IP networks, hosted voice providers are now able to offer communication solutions that not only add important functionality, but also reduce startup and operational costs significantly.

By eliminating the need for major on-site equipment, providing free intra-business calling, and substantially lowering long distance rates most SMBs can realize astonishing cost cutting in their communications budget. Adding feature-rich voicemail, call routing, and collaboration tools opens new workflows and methodologies which before were either unfeasible, or simply not possible. Both are ways of achieving that elusive motto of all successful businesses, "Do more with less".