The Benefits of VoIP Phone Service for Small Businesses
VoIP

High end advanced communications options like conference calls, video calls and the rest are no longer the preserve of large corporations with millions of dollars to spend on their communications infrastructures. The internet can now replace your old outdated traditional telephone system (Public Switched Telephone Network or PSTN) at a small cost and provide you with both huge cost savings and an array of extremely useful features. It’s all possible because of a technology called VoIP.

Understanding VoIP

VoIP (Voice over Internet Protocol) is the technology that allows for feature-rich phone calls to be made over the internet. This is not something new; the Department of Defense tried using it in the 1990s and over the years it has evolved from an experiment to a full-fledged, well established alternative to the PSTN. VoIP does away with the old copper cables that are used to carry telephone calls. They are routed over the internet using a broadband connection. And because the bandwidth required for VoIP traffic is so small, it does not affect other internet usage and applications. Any business with a broadband connection – and it is doubtful if there are any without one – can use VoIP. All that is needed is to sign up with a VoIP Service Provider (VSP) that will route outgoing and incoming calls the way the PSTN does. Because VSPs use an existing broadband infrastructure, they are not subjected to the taxes that the PSTNs are and require only a fraction of the huge hardware investment that PSTNs do, their overheads are extremely low and they are able to pass these savings on to their clients. And new advances in both internet and VoIP technologies have made VoIP as reliable, if not more so, than the PSTNs.

No Downtime Needed To Adapt To VoIP

Most technological advances that have benefitted the workplace require a period of adaptation and an employee learning curve that is not just unproductive but also impacts other operational areas. VoIP is totally different and the users will be able to use VoIP phones exactly like the PSTN ones. In fact for basic voice calling, they will not even feel any difference between VoIP and PSTN calls. The physical infrastructure needed for VoIP is very limited and in most cases even the existing internal cabling can be used. Even traditional phone instruments can be used with an adapter, although the extra VoIP benefits may not be available. Even the on premises PBX can be replaced with an external (or Hosted) one. The switchover from the PSTN to VoIP can normally be done outside of working hours and will not affect the workflow in any way.

Cost Savings

The recession that started in 2008 may be fading, but businesses have once again been reminded that they cannot take a stable economy for granted. Margins will continue to be tight and cost reduction implementation is now a major focus of all businesses, big, medium and small. One area where no compromise can be made is communications, both external and internal. In fact, taking communications to a higher level will improve both internal efficiencies and market response. And VoIP offer a way to do this while reducing communications costs.
As mentioned earlier, since the VSPs are able to operate with lower capital investment and operational overhead as compared to PSTNs, they are able to offer telephone services at significantly lower rates. In fact, most VSPs do not charge on a per call basis. There are usually fixed all inclusive monthly call packages available that are designed to suit different business needs. Business VoIP Service Providers are companies that offer VoIP service only to business clients and not residential or other types of users. These companies have studied the communications needs of businesses and have devised a range of plans to suit specific needs.

There are usually no long distance charges for country-wide VoIP calls, and only minimal charges for international calls. A call to a client a mile away or on the other side of the country costs the same. And the duration of the call is of no consequence. This means that VSPs are able to offer plans with fixed billing, irrespective of the usage. In fact, one of the most popular of all VoIP billing plans is the fixed cost – unlimited use ones. This allows for businesses to use their telephone facilities as they want, without worrying about an increase in costs. It also enables easier budgeting, since the monthly phone bill is fixed and known in advance.

The nature of the savings a business can achieve by switching over to VoIP will depend on the volume of telephone usage. But a careful selection of the right VoIP package can result in savings of 60% and has been known to go as high as 90%. With these kinds of savings possible, recovering the low initial VoIP start up cost is easily achieved, usually in a very short timeframe, after which it is just pure savings. And all this with no limitations or reduction in call quality, and access to a host of value added features.

There are also a number of significant indirect savings as mentioned below.

The best way to calculate the potential direct savings is by doing a detailed study of the calling plans available and comparing the usually fixed costs with a business’s current PSTN bill. One thing to keep in mind is that many VSPs do add a small extra charge for calls made to PSTNs and cell phones to defray the interconnection charges these service providers levy. But even here, the additional cost works out to a fraction of the cost of a traditional phone call.

One other issue to keep in mind is that while most VSPs offer an array of value added features for free, some optional advanced ones may cost extra, but these will normally form part of a billing plan so the financial impact of these benefits can be determined in advance.
Benefits and Features Offered By VoIP
A host of advanced features not available with PSTNs may be found on VoIP services. While a few of these may be available in a basic form with PSTNs and cell phone service providers, VoIP takes these advantages to another level and additionally, offers much greater ease of use. Today’s marketplace makes no concessions to the limitations that small businesses often have to operate under. A high level of internal communications facilities makes operations more efficient and state of the art external telecommunications give stakeholders a positive impression about the resources, attitude and technology available with the business they are dealing with.

• Teleconferencing is one of the most spoken about benefits of VoIP. The ability for a large number of people to simultaneously discuss an issue in real time allows for a speedier resolution of problems and development of action plans. This is especially useful in the case of issues regarding external stakeholders like customers and suppliers where various internal departments may need to be involved in the discussions.
• Video calling adds another dimension to the communications experience. When the parties involved in a call can see each other and read facial expressions and body language, the communication achieves an impact that allows it to become richer and far more productive.
• With VoIP, videos, images, text and even whiteboard screenshots can be sent along with the call, eliminating the need to say “I’ll email this to you later.” The material normally sent as email attachments can be sent while the call is on to allow for more immediate responses.
• All these features allow for simulating face to face interaction with speed, ease and tremendous savings in travel costs since the need for face to face meeting will be substantially reduced.
• A business may have only one location, but the ability to choose area codes for VoIP numbers at no extra cost allows it to choose different area codes for places where it has a significant amount of business. This not only enables customers to call without incurring long distance charges, it expands the perception of the size of the business since it has, at least virtually, locations convenient to the customers.
• Small businesses, especially those employing 50 or less people, often have just one person managing a specific operational area. When that person is not available on his phone, business may be lost. With VoIP phones, the sequential ringing option allows for a call, if not answered within a predetermined number of rings, to be diverted to a second and then a third or even a fourth number, so that a call never goes unanswered. The alternate numbers could be another office phone, a cell phone or even a residential number.
• The multi-ring option allows for an incoming call to ring at a number of specified instruments, any of which may answer it.
• Executives who travel can install soft-phone software on their laptops and be able to make and receive calls and interact with their office or customers from any location where a broadband connection is available. And with wireless broadband now widely prevalent, there are few places where connectivity will not be possible.
• The integrated communications solutions and easy expansion and upgradeability that VoIP offers means that when a small business is ready to expand its operations, either nationally or
internationally, the communications infrastructure expansion problems and costs are kept to a minimum.

- When a PSTN line or cell phone network goes down, communications stop. With VoIP there is a failsafe whereby if a broadband connections stops working, all incoming calls are automatically routed to a specified alternate number, so no calls will be missed. Many providers also have redundant infrastructures to ensure continued uptime.
- With telecommuting becoming a popular way of reducing overhead, providing VoIP connectivity to those working from home will result in a massive increase in output and a dramatic drop in communications costs.
- Besides the features mentioned here, there are numerous others that may be availed of, as well as the more popular ones that include call waiting, call forwarding, voice mailbox and so on.

All the benefits offered by VoIP mean:

1. Both direct and indirect cost savings
2. Increased efficiency, productivity and profits
3. A small business may provide external stakeholders the telecommunications faculties that were previously limited to big companies and thus project itself as being a larger business.
The Two VoIP PBX options
Any office that switches over to VoIP will need a VoIP PBX. The VoIP PBX replaces the traditional landline one and its function is to route all incoming and outgoing calls along with the value added features. There are 2 options available, the on premises PBX and the hosted (remote) one.

The On Premises VoIP PBX
The on premises VoIP PBX is very much like the traditional phone system in that all the hardware – mainly cables, servers and routers – are bought by the user and installed on its premises. There are some advantages of an on-premises VoIP PBX:

- It is a capital purchase and tax write off may be allowable
- Subject to technical limitations, the company can have it tailored to its specifications.
- Total control over the system rests with the user.
- Small jobs like adding an extension can be done by the user.

However, for most small businesses, the negatives outweigh the benefits:

- A large up front capital cost must be incurred.
- Maintenance and repair has to be done in house or subcontracted to a third party which leads to delays and needless complications.
- If maintenance is done in house, a full-fledged IT team must be trained and continuously available.
- Upgrading and expansion is both a technical and financial problem.
- Often with an on-premise VoIP PBX there will be features that, while not required by the user, will still have to be paid for.

While an on premises VoIP PBX may meet the special needs of a few users, by and large the hosted PBX is the preferred option for most small, and many large, business users.

The Hosted VoIP PBX
The hosted VoIP PBX offers everything the on premises one does but with far greater simplicity, both technical and financial. In this case, all the hardware is located with the VSPs and nothing is installed in the user’s premises so all the PBX functions are done remotely and the signal is then carried to the specific phone or phones in the user’s office.

- There is no capital expenditure to be incurred on the purchase of hardware. This is a huge advantage for a small business which, no matter how profitable it is, always has conflicting demands on its financial resources.
- Since all maintenance and repairs will be done by the service provider, there is no need to train people for this job and pay their salaries or add to the burden of an already loaded in house IT department.
• Since no equipment has to be installed, space, which is often a major constraint for small businesses, is saved and can be more productively deployed.
• Since the PBX is with the VSP there will be experts continuously available to correct any problems that may arise. The delays caused by an in house maintenance team that is not experienced in this field first locating the fault and then devising a way to rectify it or the wait for a third party repair team to arrive are eliminated.
• Since all maintenance and repair is covered under the hosting agreement, businesses need not worry about unexpected repair bills or parts replacement costs.
• Hosted PBX solutions are less likely to have post installation problems or compatibility issues since installation and service are provided by the same party.
• Since the VSP operates 24/7, support and problem solving is available round the clock. This can be of critical importance when a business is working overtime on an important project and when the in house maintenance team may not be on hand.
• The round the clock operation of the VSP also means that system efficiency is continuously monitored to ensure optimum functionality and service and preempt the occurrence of problems.
• Because of the quality of the hardware, software and technical expertise that a good VSP will have, a hosted VoIP PBX will offer what is known as the “five nines” standard of reliability – 99.999% uptime and reliability.
• Any power outage will affect the modems and routers that are used to connect all equipment, including VoIP phones. With an in house PBX a business that anticipates this kind of problem will need to buy and install a back up power supply. In the case of a hosted PBX, the VSP will have back up arrangements to ensure uninterrupted service.
• The hosted PBX offers much greater flexibility in terms of adding or removing features to meet changing business needs. This work usually does not disrupt PBX operations and if it does, it can be done during non working hours.
• Small businesses which are seasonal in the volume of business they handle will be able to increase or decrease PBX capacity as they wish and keep the already low hosting costs to a minimum.
• Per seat licensing means that a business need only pay for the technology actually being used. In other words, a business pays only for the facilities it uses while in the case of an on premises PBX the cost is incurred for all the installed capabilities of the system, whether they are used or not.
• Since VoIP services are the VSP’s core business area, it will ensure that the best and most cost effective software and hardware solutions and deployed for the PBX operation.
• For the same reason, the latest technical advances will be used to ensure maximum productivity, both for the VSP and the VoIP user.
• Hosted VoIP PBX solutions integrate completely with traditional PSTN systems so that few changes need to be made to the existing in house hardware.
• Often a business is in need of a customized VoIP application. When the PBX is hosted, the VSP has the technical expertise to examine the needs and try to find a cost effective solution which
a small business will not be able to do on its own; and which, if an external consultant is brought in, will be expensive.

**Which PBX Is The Better Option?**

Large businesses with hundreds of employees, assets and adequate space may prefer an on premises VoIP PBX which will be completely under their control and will have the manpower and skills to maintain, repair and upgrade it. They are used to having everything under their control and want to ensure that their communications are top of the line.

However, a small business, typically with 50 or fewer employees, operates under different parameters and constraints. While their need for communications efficiency and value added features is the same, if not more than that of their larger counterparts, the economics and practical problems of installing an on premises VoIP PBX make it an unsustainable solution. Hosted PBXs provide them the same level of quality, dependability and features of the on premises option, without the need to commit capital and human resources. And since the users of the hosted PBX, both internal and those calling the company will never be able to differentiate between the two, a hosted VoIP PBX makes a great deal of management and economic sense. A small business needs to focus on it core competencies to grow and managing a VoIP PBX is not one of them.

**Efficiency and Image**

There are two aspects to telecommunications that any business, especially a small one, cannot afford to ignore. The first is operational efficiency that enables optimum productivity. The second, and one that is frequently overlooked, is that a company is judged by the face it presents to the public. A feature rich telephone system ensures that the public will get and retain a positive impression. VoIP ensures both.