

2016 Business VoIP Cost Guide

How to Purchase the Right Solution



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The potential for cost savings is one of the many allures of replacing an old-fashioned office phone system with VoIP technology. But without careful planning and forethought, the costs of VoIP can skyrocket in a hurry.

Because VoIP offers so many different options and features, it is easy to over-pay for a system that you don't really need. To fully enjoy the budget advantages VoIP offers, businesses need to match a VoIP system to their individual needs.

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The First Step: Know Your Bandwidth

Before making critical decisions about your VoIP solution, you need to know your Internet connection speed and bandwidth capacity. Remember, VoIP technology works by converting a phone call into a data packet that is transmitted over the Internet.

You need to know if your current Internet service is capable of handling the additional burden. It is also critical to know the volume of calls that will be transmitted. This information will allow you to calculate how much additional bandwidth your VoIP system will require.

Consulting with your phone company and Internet service provider can help you to determine if you have sufficient bandwidth to meet your needs.

Hosted vs. On-Premises VoIP

Now that you know your VoIP needs and current bandwidth capacity, it is time to make a critical decision: Will you be using a hosted VoIP solution, or an on-premises solution?

With a hosted VoIP system (also known as cloud-based VoIP), a third-party vendor provides and maintains the necessary hardware at an offsite location. You utilize your phones and Internet connection to connect to their appliances. On the other hand, VoIP users who utilize an on-premises solution maintain necessary appliances on-site in a server closet.

Your choice will significantly affect how often and how much you pay for VoIP services. Hosted solutions are less expensive upfront. Typically, users pay a monthly subscription fee that varies depending on the number of users.



Hosted solutions are less expensive upfront.

On the other hand, on-premises VoIP does not require the same monthly payments. But setting up an on-premises VoIP system requires investments in hardware, as well as ongoing costs for hardware maintenance.

Some businesses want to continue using equipment from your Plain Old Telephone System (POTS). If that's the case, you will need to use telephony interface cards and other tools to connect the old phone system to VoIP. To determine whether keeping your POTS is cost-effective, research what equipment you will need and the associated costs.

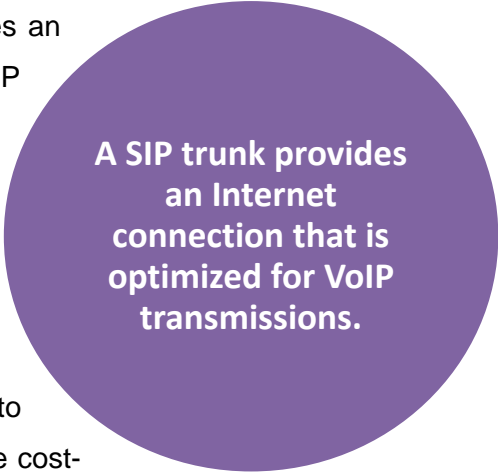
Many smaller businesses find hosted VoIP solutions to be more cost-effective, though that may not necessarily be the case for you.

SIP Trunking

When you assessed your current bandwidth capacity, you may have discovered that you don't have enough bandwidth available to meet your VoIP needs. Fortunately, this does not mean that you have to go out and upgrade your own servers.

SIP Trunking is the solution. A SIP trunk provides an Internet connection that is optimized for VoIP transmissions. Cost savings are among the advantages that come with using a SIP trunk.

By using SIP trunking, business can save money on both equipment and call charges. As compared to Integrated Services Digital Network (ISDN) trunks, which have traditionally been used to transmit telecommunications, SIP trunks are more cost-effective. With SIP trunking, businesses pay only for what they use.



A SIP trunk provides an Internet connection that is optimized for VoIP transmissions.

Considerations for Small and Medium Businesses

SMBs have a unique set of needs in a VoIP system. Here are some general guidelines for small businesses looking to implement a cost-effective VoIP solution:

- Generally, a VoIP solution will be less expensive than continuing to use landlines. The typical monthly cost of a single VoIP phone line usually falls in the \$30-60 range, as compared to \$50-100 for a single landline. Over the course of a single year, businesses can save around \$600 per phone line.

- For many SMBs, a hosted VoIP solution is cost-effective. In addition to saving costs on hardware investments, a hosted solution can provide small businesses with an enterprise-quality VoIP system.
- Hybrid IP PBX options are another solution commonly utilized by SMBs. With a hybrid solution, your company can integrate VoIP with your existing infrastructure. This may reduce the upfront investment costs.
- If your budget doesn't allow you to invest in new IP phones, you can use softphone software from your computers. In that case, headsets with microphones are oftentimes necessary for purposes of audio quality. Another option is to use VoIP smartphone applications.

Over the course of a single year, businesses can save around \$600 per phone line with VoIP.

- Today, VoIP providers offer a dizzying array of features. Before signing a contract, differentiate absolutely necessary features from those that are merely nice to have.

When you're testing out the VoIP waters, you probably don't need to purchase a plan that includes all of the bells and whistles.

- Budget for the costs of installation. Many SMBs lack the technical expertise to set up a VoIP system on their own, so check with providers to find out what support they offer for installation—and how much you'll have to pay for it.

- Research extra charges you may incur. Many VoIP service providers charge customers additional charges for certain usages.

Small businesses can benefit immensely from expanded VoIP technology. By carefully researching all of the options and VoIP service providers, SMBs reap the benefits of VoIP even when operating under budget constraints.

Considerations for Large Businesses: Intra-Business Telecommunications

Enterprises face a different set of concerns when it comes to VoIP. While large businesses have the budget for more advanced telephony features, it is also easy for costs to snowball out of control. To avoid breaking the budget, there are some critical considerations:

- For many large businesses, an on-premises VoIP solution can be cheaper than a hosted solution in the long run. However, hosted solutions offer additional benefits, so both options should be carefully considered.

Remember that in calculating your total cost of ownership, the costs of labor in maintaining an on-premises system should also be taken into account. Companies that anticipate fast growth are oftentimes attracted to hosted solutions because they provide easy scalability.

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- Connecting additional offices to a unified VoIP system adds complexity—and cost. Companies with multiple offices often maintain separate PBXs in each system, which integrate through SIP trunks or mobile SIP clients. The costs of these tools need to be considered in calculating a budget.
- Businesses with a large workforce often find it advantageous for employees to access softphones via their mobile devices and laptops. However, large businesses still need to invest in hardware for the office.
- International calls tend to be much less expensive with VoIP when compared to traditional landlines, so companies who have or are developing an international presence can enjoy significant savings. However, businesses should still investigate VoIP providers' policies on international communications.

Large businesses typically have complex VoIP needs. But there is no such thing as a business too big for VoIP, and indeed many of the world's largest corporations utilize VoIP for intra-business communications.

Call Centers & VoIP: A Happy Marriage

VoIP technology has taken call centers by storm all over the world, and for good reason. With VoIP, customer service centers can run more effectively at a lower cost. In fact, VoIP is transforming the fundamental structure of the contact center.

Once, the call center was synonymous with a large open space full of agents working side by side. While the traditional call center hasn't disappeared, VoIP technology allows agents to work remotely. For businesses, this means savings.

Call monitoring also helps reduce costs. With computer integration, VoIP calls can be automatically recorded. This feature allows managers to monitor calls in real time and evaluate employee performance, increasing business efficiency.

To ensure that a call center is operating smoothly and isn't eating up costs unnecessarily, conduct regular audits.

Standard VoIP packages include call center essentials such as IVR, queues, and ACD. When setting up your system, include lots of options for customers to self-service so that your agents won't be forced to handle problems that customers can solve for themselves.

To ensure that a call center is operating smoothly and isn't eating up costs unnecessarily, conduct regular audits. Review your VoIP package to ensure that you have all of the features you need, but aren't paying for what you don't use.

Save Money with Mobile

In addition to providing flexibility and convenience, mobile VoIP is a great way to cut down the costs of VoIP telephony. With mobile VoIP, users can simply install an app on their mobile device and use VoIP on a smartphone. Mobile VoIP uses the device's own 3G, 4G, or other Internet service to connect.

Mobile VoIP is less expensive than standard cell phone usage because users don't have to worry about—or pay for—minutes, incoming call charges, or limits on text messaging. Some mobile VoIP services, such as Skype and Viber, even provide free in-network calls within the U.S. Because of the associated cost savings, mobile VoIP is a good option for intra-business communications as well as for call centers.

There is, however, a major caveat. While mobile VoIP calls don't eat up minutes, they do require data. When budgeting for mobile VoIP, it is critical to include the costs of data usage. Many VoIP cost calculator tools available online do not actually include data usage.

Hardware: What to Buy?


For companies implementing a VoIP solution, the cost of hardware is the largest upfront expenditure. Unless you will be using softphones on laptops and smartphones exclusively, your business will probably purchase at least some hardware.

Many VoIP service providers sell hardware directly to customers. But to save money, it's a good practice to compare prices. VoIP supply retailers oftentimes are able to offer better deals than service providers, and you may also enjoy discounts for bulk purchases. You should, however, check with your provider to ensure that the hardware is compatible.

VoIP equipment tends to vary widely in price. Today's market offers budget, mid-value, and luxury options. Your ultimate selections will vary depending on your budget and business needs. Note that premium brands oftentimes charge a premium for brand trust and recognition.

Here's what to expect in terms of price:

IP Phones: A fundamental piece of hardware for a VoIP system, IP phones range from under \$100 to over \$500 per phone. Most companies elect to purchase different phones for different tiers of employees.



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Phone Headsets: Decidedly less expensive than IP phones, most headsets cost less than \$50. Headsets are a great option for call centers.

Power Supplies for IP phones: While many IP phones have built-in PoE (Power over Ethernet) capacities, you will need to purchase a power supply if that's not the case. Usually, a power supply costs less than \$50.

Analog Telephone Adapters (ATA): Necessary for connecting existing phones to VoIP, ATAs usually cost between \$50 and \$100.

Other VoIP equipment you may need to purchase includes PoE switches, routers and router additions, Ethernet cabling, and an Uninterrupted Power Supply (UPS). Costs will vary widely depending on the size of your VoIP system.

VoIP Service Features & Extra Costs

Since most VoIP providers offer a number of different service plans, it is important to identify your requirements. These features are necessary for almost any office phone system:

- Computer Telephony Integration (CTI)
- Softphone
- Mobile capacity
- Auto dialer/predictive dialer
- Automatic call distribution (ACD)
- Interactive voice response (IVR)
- Call recording
- Conference calling

- Video conferencing
- Internet fax

Most basic packages will offer most or all of these features. On the other hand, extra bells and whistles may require a more expensive plan. Some service providers also offer the option of “bundling” services so that customers can only pay for additional features that they need.

Before signing a contract with a VoIP service provider, read it carefully to determine the specifics about what you will be receiving, including the number of minutes allotted monthly.

Many service providers sneak in additional fees for “extras” such as calling emergency services, disconnecting phones, and faxed pages above a pre-set limit. Reading online reviews of service providers can be helpful for determining if there are any hidden fees lurking in your contract.

Purchasing and deploying a VoIP solution can appear to be a complex labyrinth with traps lurking behind every corner. But it is possible for businesses of all sizes to make the transition to VoIP smoothly and without breaking the bank. Ultimately, your business will reap the benefits of cost savings.

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