

VoIP PHONE SOLUTIONS — VS — TRADITIONAL SERVICE

Why Cloud-based Phone Systems Give Businesses a Competitive Advantage





INTRODUCTION

The business phone solution marketplace has reached a tipping point where companies seeking a new system are more likely to consider a cloud-hosted VoIP system over a traditional system. While this shift is significant, it's not surprising given the mature state of **VoIP**¹ (Voice over Internet Protocol) technology and the broad adoption of cloud-based business systems in the office setting. The fact is traditional business phone systems – defined by standard phone lines or the “**on-premise PBX**”² – have been in place for decades. Today, there is a momentous shift toward hosted VoIP solutions.

At the heart of it all is the convergence of VoIP technology and cloud hosting that allow next-generation calling features, integrated mobile access, and efficiencies that often keep costs lower than traditional solutions. The result for many businesses is a better phone system and the opportunity to improve operations and customer service. Plus, the return on investment can be dramatic. Let's explore how businesses like yours are doing more with cloud-based phone technology – and take a comparative look at business VoIP. The pages ahead reveal why more business owners are moving away from traditional phone solutions in favor of cloud-based systems.

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TOPIC 1:

OUT WITH THE OLD (IN WITH VoIP)

When comparing traditional phone solutions with business VoIP, the basic infrastructure and method of connectivity are distinctly different.

IP Network Connection

VoIP technology uses a completely different infrastructure than traditional service. Instead of your phones traveling over the phone company's network, Internet broadband service connects your local IP Network to the cloud where most VoIP providers host their feature-enabling **PBX**³. The resulting efficiency is revolutionary: Access to phone service and the Internet are achieved over the same broadband connection, opening up features and mobility options you may never have experienced. The system can be updated remotely and costs are often considerably less than traditional systems.

VS

Moving to a Virtual Contact Center

While “traditional phone service” has been around for generations, its technology is increasingly regarded as antiquated and more expensive. Business phone service has commonly been delivered over the **PSTN**⁴ (Public Switched Telephone Network) with either an on-premise PBX (private branch exchange) with trunks to the phone company or **POTS**⁵ (plain old telephone service) lines. The PBX is installed on-site at the business to enable calling features, routing, etc. – but it is typically more expensive to install and maintain, and can be vulnerable to events ranging from natural disasters to vandalism. POTS are more similar to your basic home phone service, lacking the robust features many modern businesses seek. Especially as business VoIP systems gain prominence, traditional providers must adapt to meet business needs, a process that is proving slow and costly.



TOPIC 2:

WELCOME TO THE CLOUD

A business phone solution's PBX represents the nerve center of the entire system, where call routing is accomplished and calling features are enabled. The advent of the “**hosted PBX**”⁶ is a main driver of the most impressive business VoIP benefits.

Cloud Hosted PBX

Hosted VoIP phone systems have removed the hardware and technology limitations of traditional phone systems. With hosted VoIP, the feature-enabling PBX is provided by software running on a cloud-based architecture versus fixed hardware in a company's server closet. By simply making adjustments to software that sits in the cloud, hosted VoIP providers can provide robust features to an entire customer base, without the need to upgrade hardware or software in every customer location. You need only have access to high-speed Internet to enable a hosted VoIP phone system.



On-Premise PBX or POTS Lines

Until several years ago, business telephony had been grounded in the same technology for decades. The traditional “on-premise PBX” model delivers business phone functionality by installing and maintaining expensive hardware between the wire connection and employees' desks (usually in a closet or server room at the business). The PBX must be serviced by the phone vendor at each customer location to add or update features, add phone lines, or provide any level of maintenance – which can be costly and most often requires a service contract. Traditional “POTS lines” (plain old telephone service) lack the robust business features that so many of today's businesses require.



TOPIC 3:

MEETING MOBILITY NEEDS

Today's employees are increasingly mobile and distributed across locations, so reliable mobile solutions are essential. It's important to ensure employees are reliably connected to the same system wherever they are and on whatever device they choose.

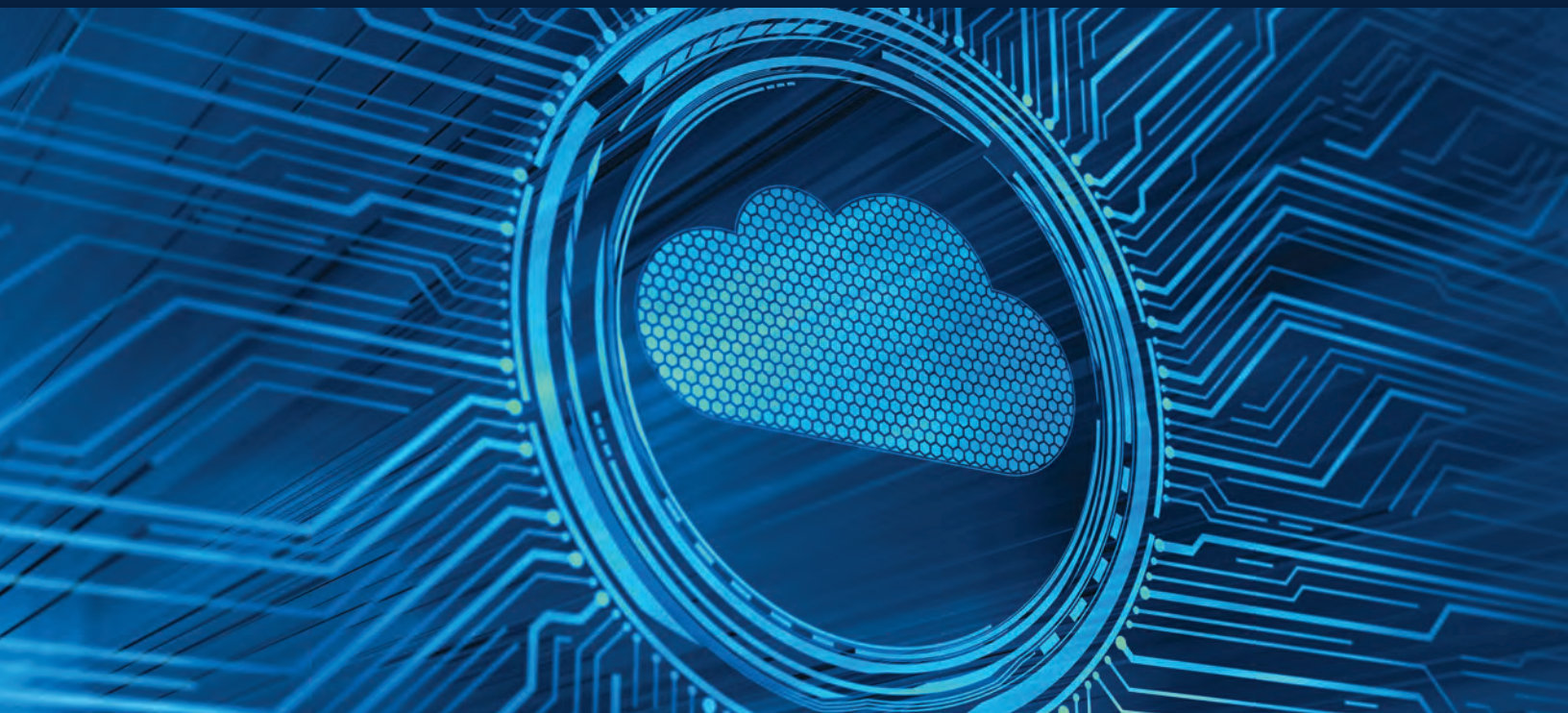
Integrated Mobility

In the business VoIP environment, mobile devices can be made to be just another end point within the same phone system, sharing many of the same system features. And mobile applications are free for customers to download. Calls generated on the business mobile app are recognized on caller ID as calls from the business, allowing a professional business presence for all employees. Employees get seamless access to the business phone system on their mobile devices wherever they are – allowing an easy BYOD (bring your own device) policy where employees can keep their business and personal accounts separate on the same device.



Separate Mobile

Of course, anyone can use a mobile phone outside of the office, but traditionally, it is not integrated with the office business phone system and caller ID reveals your personal mobile number when making calls. Therefore, many employees maintain a separate office and mobile line to allow them to work remotely. Also, since this separate business mobile line requires an additional cost for the employer, many companies will limit the number of employees assigned a mobile account. Still others will opt to have employees use their personal phone accounts to conduct business on the go.



TOPIC 4:

CONTAINING COSTS WITH A LEADING-EDGE SYSTEM

When comparing hosted VoIP phone systems to traditional systems, the pricing differences are eye-opening. But when you look at the technology and equipment associated with each, it's easy to understand why.

Streamlined Technology (& Pricing)

Hosted VoIP providers host and maintain their feature-enabling PBX in the cloud and manage the entire system virtually. There is no expensive, on-site equipment to maintain. Connectivity is achieved through the business's existing broadband Internet connection, and system updates such as adding calling features or phone extensions are easily accomplished virtually (no phone vendor visits required).



Expensive Equipment & Maintenance

With traditional PBX phone systems, much of the system's technology is installed on premise at each customer location, typically in a closet or server room. The initial installation will include hardware costs as well as labor expenses, and any system upgrades or required maintenance over time will require a scheduled phone vendor visit. Thus, service contracts are a common requirement. With POTS (plain old telephone service) there is no feature-enabling PBX to maintain – so many customers switching to a hosted VoIP system not only gain a full-featured solution, but also get pricing that is less than what they paid for their basic POTS service.



TOPIC 5:

CONNECTING DISTRIBUTED OFFICE LOCATIONS

Company offices and employees are now more distributed than ever, an approach that helps businesses serve a broader customer base and accommodates the live-and-work needs of employees. The support of a unified phone system is important, so this comparison is crucial.

Easy System Interconnectivity

VoIP technology and cloud hosting are uniquely suited to tying distributed office locations together on the same phone system. Within one account, numerous company locations around the country can maintain their own phone lines, but function as if the employees are together in the same building – transferring calls, dialing extension-to-extension, maintaining visibility across the system, etc. Your customers have one-call access to the full company, regardless of multiple physical locations. Plus, with cloud hosting you're not required to install an expensive PBX at each location.



Building Separate Systems

It's a much different story for traditional phone service providers. With the traditional PBX model, for example – where the feature enabling PBX is built on premise at each customer location – the option of tying disparate office locations together is either unavailable or accomplished through a very complex networking arrangement. It can become a costly and complicated proposition at best, which is especially limiting if the business sees additional growth and expansion in its future.



TOPIC 6:

EMPOWERING BUSINESS PHONE FEATURES

Some companies simply require a reliable phone service with a clear connection. But for those businesses that use their phone system as a business and operational advantage – they’ve now got more powerful calling features than ever!

Next-Generation Features

Business VoIP providers can offer all the calling features of a traditional PBX service and more, enabled by Internet connectivity and cloud hosting. When new features are developed, or existing features are upgraded, they’re moved onto the system seamlessly without the need for a location visit by the phone vendor. Business VoIP also gives you control of your system through online admin portals – so adding features, adjusting settings or checking system analytics are only a click away. And when you’re away from the office, you can still gain full access to system features wherever you are.



Traditional Feature Set

With traditional phone technology, feature sets can be limited compared with those of many business VoIP providers whose features are delivered via a cloud-based, software-centric architecture. Traditional PBX systems do offer some advanced features, which may require specific add-ons or integrations to access. But unlike with hosted VoIP solutions, businesses often pay their traditional PBX providers for feature installations or upgrades, ongoing system maintenance, and increased capacity as the business grows. Also, while business mobile solutions are available, they typically don’t integrate within the company’s phone system so they function as a separate account. Traditional POTS don’t provide business calling feature sets.



TOPIC 7:

CUSTOMER & TECHNICAL SUPPORT

Another fundamental difference between hosted VoIP and traditional phone service is how the respective systems are serviced.

On-Call Team + Virtual Support

Hosted VoIP phone systems are managed virtually, since there is no on-premise equipment to service at the customer's business. Features and functionality are hosted in the cloud and accessed via Internet connection, eliminating the need for phone vendor service calls. Business VoIP providers like Vonage offer a full team of customer and technical support professionals to handle customer needs, which you can access by phone or email. Also, system training and extensive online support are offered for your convenience.



On-Site Phone Vendor Visits

Maintaining traditional on-premise PBX phone systems can require on-site visits from the phone vendor. With the traditional PBX model, for example, even if the customer simply wants to add a calling feature or an additional phone line, the scheduled technician visit is a necessity for every customer. This is also why traditional systems are often accompanied by annual service contracts, to cover this anticipated additional expense.



TOPIC 8:

RELIABILITY BY DESIGN

Access to the company phone system at all times is essential to business. Events like downed phone lines, fire, flood, theft or technical glitches can compromise reliability – but not necessarily.

Server Redundancy + Emergency Rerouting

Since hosted phone systems operate in data centers with redundant power and cooling, they can remain in operation even when the customer's location is out of commission. So the phone system remains accessible from anywhere, on any device. Top providers like Vonage also consistently maintain up to 99.999% uptime reliability. In the event of local power or Internet outages, a Vonage Business feature called Call Continuity enables automatic call routing to mobile numbers, other offices or home phones – to allow you to keep your business running.



On-Site Architecture & Maintenance

Traditional systems – with their feature-enabling PBX installed on premise at customer locations – can provide distinct challenges in cases of emergency. Events such as a downed or cut phone line can halt service for an unknown period of time, and most traditional systems don't offer any form of remote phone system access. Also, should anything go wrong with PBX equipment in the customer's office, whether by vandalism or a technical glitch, the system will not be fully functional until a phone vendor visit is scheduled.



TOPIC 9:

EASY ADOPTION & ONBOARDING

If you remember setting up your traditional phone system, you are likely to marvel at the ease and speed of switching to a business VoIP system.

Quick Virtual Setup

Another incredible benefit of hosted VoIP phone systems is the lack of required equipment and the ease of implementing the plug-and-play solution. There is no on-premise equipment to install, since the system is hosted in the cloud. So as long as you have high-speed Internet and IP telephones, it's actually possible to have service set up the same day. Also, customers seldom experience extended downtime when leaving an old system and transitioning to a hosted VoIP solution.



Scheduled On-Site Installation

It's not surprising that traditional systems can take so long to set up, particularly when a PBX is installed at the customer's business. It's a complex installation that requires in-office space to house the equipment, and the expense to have technicians complete the work. By the time the installation is scheduled, the customer has typically agreed to an annual service contract for maintenance and support, or pays for on-site support when needed.



TOPIC 10:

NO-CONTRACT SIMPLICITY

If the whole idea of a less-expensive, cloud-hosted alternative to traditional phone service is novel to you, then the thought of a provider not requiring an annual contract is probably shocking.

No Annual Contracts

Some of the best business VoIP providers do not require term contracts for basic plans. This makes practical sense, since hosted VoIP systems don't require on-site equipment or service visits. Top providers like Vonage also hold the belief that customers value the outstanding efficiency of their hosted VoIP solution, and as a result, choose not to require annual contracts or cancellation fees.



Required Contracts

Why do most traditional PBX-based phone services require lengthy service contracts? For one, it's how many providers have always approached business relationships. But also, the traditional PBX model most often comes with a great deal of equipment to maintain at customers' offices – requiring skilled technicians to complete ongoing service. A long-term service contract just makes the most sense...for a traditional phone service, that is. Without the PBX required to enable business calling features, traditional POTS (plain old telephone service) typically will not require service contracts.

EMPOWER YOUR BUSINESS WITH BUSINESS VoIP

It's not often you can get a better service for less money, but it's indeed the case with today's leading hosted VoIP phone systems. While the cost savings can be significant, what empowers businesses like yours are typically the exceptional calling features, the reliable service and the excellent customer support. As you get further acquainted with the system, the prospects of improving operations continue – whether you're using phone features to train staff, monitor call activity, keep mobile employees connected, or simply to better serve your customers.

Business VoIP is here and available to aspiring businesses like yours. Contact a Vonage Business Solutions representative to learn more:

1.844.771.1267 | vonage.com/business

GLOSSARY

¹VoIP (Voice over Internet Protocol)

In its most simple definition, VoIP refers to the technology enabling voice communications over IP (Internet Protocol) networks. "Business VoIP" refers to applying VoIP technology to a feature-oriented office phone system.

²On-Premise PBX

This term refers to physical telephony hardware that resides at the customer's business location, enabling multiple handsets to share phone lines along with a common set of features and functionality.

³PBX (Private Branch Exchange)

A PBX is a telephone switching system that interconnects telephone extensions to each other in-house as well as to the outside telephone network.

⁴PSTN (Public Switched Telephone Network)

PSTN is the international telephone system based on copper wires carrying analog voice data, which today is almost entirely digital.

⁵POTS (plain old telephone service)

POTS are sometimes referred to as standard telephone lines. For many years, POTS was the standard telephone system across the world for both residential and small business.

⁶Hosted PBX

An Internet-based telephony solution that follows the Software as a Solution (SaaS) model by hosting and managing phone system equipment in remote data centers, accessible through high-speed Internet connections.