



FAQ: Introduction to VoIP for Small Businesses/SOHO

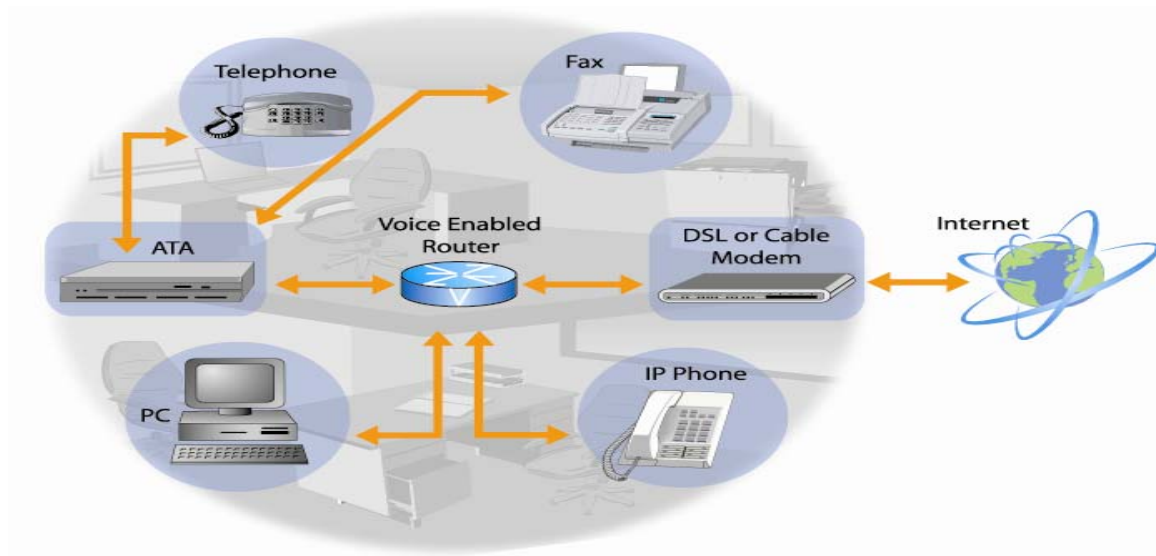
Speed Dial Your Company into VoIP and Save

If your company is ready to lower its monthly phone costs, while also doing business more efficiently, switching over to VoIP, should be a real consideration. In this article, Todd Hirshorn, President of InPhonex, an Internet telephony service provider, offers small business owners the inside scoop on VoIP and the many reasons why businesses of all sizes are adopting it – now.

1. Q: What is VoIP?

A: Short for Voice over Internet Protocol, VoIP allows your company to use the Internet, rather than the traditional telephone carrier network to make and receive phone calls. (Figure 1)

Figure 1. Small Business VoIP System



Source: InPhonex.com

2. Q: Are VoIP calls really free?

A: When you use a VoIP network to call another telephone on the same VoIP network, calls are “free”. However, when calling the PSTN (Public Switched Telephone Network), there are per minute charges based on the destination of the call. In the balance, most businesses which make a lot of office-to-office calls (incurring toll charges) and long-distance calls will save from 40-80% in their monthly phone bill using VoIP. The number of U.S. VoIP customers is likely to rise from 750,000 to about 9 million by 2008, researcher In-Stat/MDR says, so the cost of VoIP calls to the PSTN should get lower.

3. Q: What equipment does my business need to support VoIP?

A: All your business needs is:

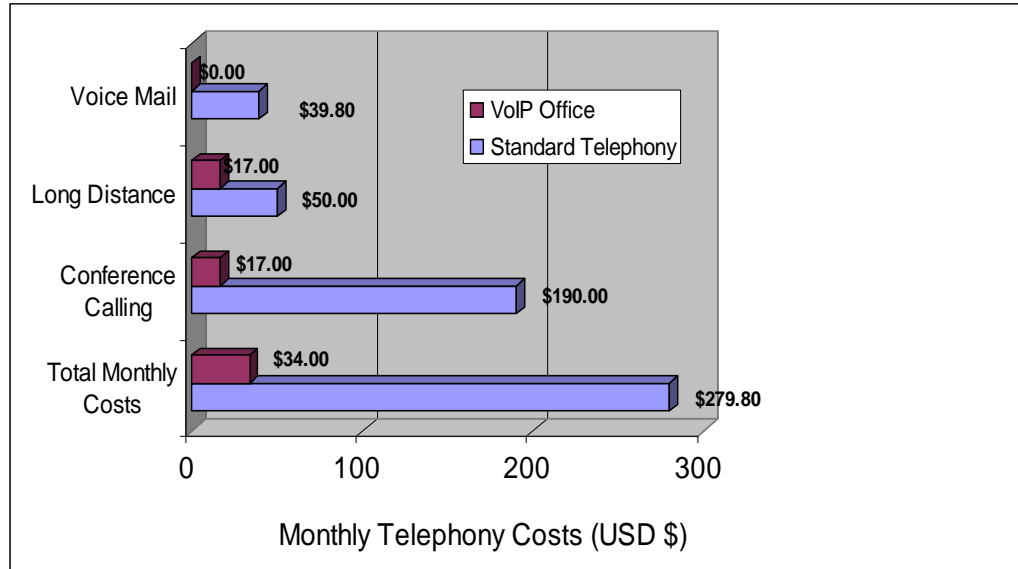
- A broadband Internet connection (DSL or Cable) – this is a high speed connection that allows data to travel more quickly through your computer.
- An analog telephone adaptor (ATA) – this is a device that allows your business to use your traditional telephone with VoIP service.
- A standard router – this is a networking device that allows you to share your Internet connection.

Installation and connection is a snap. First, you connect the phone adaptor to your high speed Internet connection. Next, you connect your telephone to the phone adaptor. When you make calls, your voice is routed through the adaptor to the Internet.

4. Q: What are the potential cost savings versus traditional phone service?

A: Businesses can potentially reduce their phone bill by 50% or more. Figure 2 shows that a small 4-employee business can expect to save as much as \$245 per month on long distance, voice mail and conference calling charges alone.

Figure 2. *Monthly Telephony Costs for a VoIP Office vs. a Standard Office*



Based on 4 Employees, 1000 LD minutes/month, 1000 Conference minutes/Month
Source: InPhonex.com

5. Q: What types of businesses benefit most from VoIP?

A: While most businesses will save money using VoIP, companies feeling the strongest impact include:

- Any company that pays more than \$.025 per minute for US long distance.
- Any company whose call traffic includes a high percentage of international long distance calls.
- Any company with a high monthly amount of toll charges with inter-office conference calls.
- Any company that requires a toll-free number.

6. Q: Can VoIP improve customer satisfaction?

A: Yes. How quickly an employee can be reached by a supplier or outside customer can have a dramatic impact on how that outside party views your company. Whether one of your employees is working from home or traveling, VoIP's call forwarding feature can make the physical location of your company representatives completely transparent to a customer.

7. Q: What are the “soft benefits” or efficiency advantages of VoIP?

A: There are many productivity advantages associated with a VoIP office including:

- Voicemail-to-Email Forwarding – Employees receive email delivery of voicemail messages.
- Call History – Online review of previous calls, missed calls, date and time.

- Call Forwarding – Online interface to set call forwarding in real time. Employees can connect to the network and make and receive calls from anywhere with Internet access.
- Pinless Dialing – Remote employees can log onto your VoIP network from their cell phones and connect into the lower cost IP telephony network, saving your company roaming charges, expensive long distance fees, even enabling international long distance numbers at very low per-minute rates.
- Establishing a Virtual Presence in a New City – With VoIP, businesses can set up a phone number in a remote geography, giving local customers the impression you are really there. This is a great way to introduce your company to customers in a new locale in advance of (or completely replacing) opening a new physical location.

8. Q: Can I get a “Big Business” telephony system for my small business by using VoIP?

A: Medium and large scale businesses generally use a PBX (Private Branch Exchange) as the core part of their business telephony system. Quite recently, this capability has been made available to small business users coupling VoIP with an IP PBX – but at a fraction of price of a PBX. An IP PBX delivers many of the features of the legacy PBX systems, (including auto-attendant, music-on-hold, conferencing, call transfer and dialing other employees by extension).

9. Q: What will it cost my business to set up a VoIP service and basic IP PBX?

A: In cooperation with Linksys, InPhonex offers a base package 4-employee IP PBX for less than \$1000. You should also budget for VAR set-up and configuration fees.

10. Q: How quickly can my company get up and running on the VoIP and IP PBX services?

A: Your employee phones and main company phone service, including integration with voicemail and other VoIP services, can be fully functional in as little as 2-3 hours.

11. Q: What types of businesses are using VoIP today?

A: Many Fortune 500 companies already use VoIP. Now small and medium sized companies, including doctor offices, law firms and mortgage companies to corporate branch offices, are able to take advantage of the cost savings as well.

12. Q: Should my company keep its landline with the local phone company?

A: Yes, we recommend keeping a landline for secondary access to 911, to use for faxes and directory listings and as a back-up for your VoIP service.

13. Q: My company has a T1 line and 5 employees. Do we have enough bandwidth to add VoIP service to our existing line?

A: Yes, depending on compression, one VoIP call consumes approximately 128 kbps of connectivity. A typical DSL line can handle 3 simultaneous conversations; a T1 line can handle over 10 simultaneous conversations.

14. Q: When is the best time to switch to VoIP?

A: Switching a company's lifeline (the telephone) over to VoIP can be well-timed to reduce any risks of transition. Good times to consider deploying VoIP include:

- When a business first installs a high-speed data line at your company. Configuring the VoIP at that time will save you on overall data and telephone service costs.
- When a business opens a new branch office – adding VoIP to the new branch office will allow you to bring up new employee's phones quickly at that new location.
- When a business is upgrading its network to higher speed. Since this requires acquiring new equipment – such as IP router and switches – it's a good time to think whether these devices will have enough capacity to also support a new IP telephone system. VARS or systems integrators can advise your business on this.

Todd Hirshorn is President of InPhonex and a strong advocate for VoIP and its related emerging technologies. For more information about small business VoIP and experienced VARs who can help you make the move, please visit www.inphonex.com.

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High resolution versions of the illustrations are available on request from press@inphonex.com.