3 Reasons Businesses Use VoIP
The 1990s saw the early days of Voice over Internet Protocol (VoIP), when carrying on a conversation over the Internet offered all the excitement – and quality – of a CB radio. Now, VoIP has matured. With reduced broadband prices\(^1\) and increased bandwidth available to corporate and institutional consumers, VoIP is in widespread use by both small and large concerns, supporting business-grade connections and delivering the benefits of rich features and high-quality service.

**VoIP — A Brief Overview**

VoIP is no longer bleeding-edge technology; it’s now a robust category of products and services. VoIP phone service effectively uses the Internet, rather than a traditional telephone line, to transmit telephone calls. Carriers who offer VoIP service leverage both the public Internet and their private backbone networks. VoIP can be deployed in various methods and may or may not include end-user handsets and other customer premise equipment. Initially offered only by niche-market providers and delivered via the public Internet, VoIP service has become a monopoly breaker. Often called “digital telephone service,” VoIP connections are replacing traditional, analog circuits but work with most standard phone systems. Most industries have now implemented some form of VoIP service.

The high adoption rate of broadband services — small businesses at 90% and residential customers at 74%\(^2\) - has positioned US consumers to take

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\(^1\) Forrester data, NTIA, 2008.

advantage of all this bandwidth to carry voice traffic and to replace, or at least supplement, their more traditional analog circuits. Advances in IP telephony and delivery methods mean VoIP providers can now leverage private IP networks and provide high-quality voice connections. VoIP has proven itself so effective and reliable that most major telecom providers have added it to their service offerings.

**Why Use VoIP?**

Technological advances and consumer trends are interesting, but they don’t answer the question: why *you* should use VoIP for your business communications.

1. *Same Quality as Always, More Benefits than Ever*

VoIP services can be deployed to retain the same, if not better, quality and reliability that you expect from traditional phone lines. Earlier, phone lines were usually more reliable than Internet connections, but this is no longer the case. With VoIP, calls to destinations around the globe can be made with no difference in quality from traditional phone lines. When a professional phone company implements VoIP service, dropped calls, crackling, echoes or other problems are concerns of the past. Voice clarity using VoIP is excellent.

With assurance of high-quality in place, business customers are finally realizing how many advantages are found in VoIP that were never available from traditional phone lines. Many small and midsized businesses use the flexibility that VoIP and IP phone systems offer to thrive in this challenging economy.
One major benefit is that employers can reduce overhead and at the same time allow their remote and work-from-home employees to expand scope of their contribution. According to a study\(^3\) examining national trends related to small business broadband deployment, half of small business employers currently allow telecommuting in order to reduce demand on office space and to accommodate employee schedules. This trend seems to be gaining in popularity as over 25% of these employers are interested in having even more employees telecommute.

Although studies to quantify these additional economic benefits of VoIP are underway, data already shows the overall benefits of broadband – and its related services – to be in the neighborhood of $32 billion per year for US households. A portion of this financial benefit has come in the form of savings passed on from firms that use broadband to improve efficiency and productivity, both internal and in interactions with their customers.\(^4\)

2. Monthly Savings

Why pay more for a service that offers less? When you're running your own business or focused on the financial needs of your company, the bottom line is a priority equal to securing reliable service from a trusted provider. Since VoIP services and devices now utilize widely deployed IP and broadband technologies, they are available to business customers at a price that's several times cheaper than services relying on more costly network infrastructures.

\(^3\) *The Impact of Broadband Speed and Price on Small Business*, by Columbia Telecommunications Corporation for SBA Office of Advocacy, November 2010

\(^4\) *Substantial Consumer Benefits of Broadband Connectivity for US Households*, by M. Dutz, J. Orszag, and R. Willig, for Internet Innovation Alliance, July 2009
Where traditional telephone companies offer complex plans with expensive local and long-distance rates, VoIP providers are able to offer cheaper, simpler plans that include both local and nationwide long-distance calling. International long distance rates are now offered at a fraction of the former cost.

This translates to a cost savings on your local and long-distance voice monthly service. Are you tired of paying a fortune for long-distance calls? When you’re conducting business, you never know where you’ll need to call, and depending on your call habits, rates with usage-based plans can flatten your wallet with their long-distance fees. And while business and residential customers alike leverage local and long-distance plans offered on VoIP platforms, they’re now making further shifts and welcoming the benefits of feature-rich IP telephone sets. These IP phones are available either in the form of a desk phone or a softphone – a phone icon that is used on a laptop or PDA and offers all the utilities of a typical office desk phone.

3. Reduce Capital Expense and Total Cost of Ownership for Your Office Phone System

VoIP clearly helps businesses realize savings on their monthly voice services, and it also can help reduce capital expenditures. Depending on a company’s growth patterns and communications needs, the life cycle of an office key telephone system or Private Branch Exchange ranges anywhere from 5 to 10+ years. For businesses in the market for a new office phone system, VoIP service
strongly supports consideration of IP PBX or Hosted IP PBX — two options that can significantly reduce capital investment:

Businesses purchasing IP PBXs can save on the cost of not only the central processing unit but also the IP handsets, since both typically cost less than their traditional PBX counterparts. VoIP with IP phones provide great flexibility for employees who spend much of their time away from the office. In those cases, the cost of a desk phone can be eliminated completely by using a softphone in its place. Further, softphones often include usage plans that are tailored to meet the needs of field-based employees who spend most of their time, with their laptop, away from the office.

Business customers can also use VoIP to completely eliminate the major capital expense of purchasing a PBX, by choosing Hosted IP PBX, a solution that has in some cases produced a 60% decrease in operations and administration expenses over a five-year period.\(^5\) Hosted IP PBX vendors typically provide tools that empower administrators and end users to manage their own line and desk phone/softphone feature changes, via easy-to-use websites. This trend of self-managed services allows the business customer to eliminate the costly expense of a vendor or on-site technician to handle moves, adds and changes.

\(^5\) The Cost Advantages of Hosted Telephony, Diane Myers, August 2010.
Why Wait?

To sum up, the reasons for many companies – both large and small – to switch to VoIP have multiplied exponentially. Are you leveraging the technology for all it’s worth? If you’re not ready to migrate all of your lines or hardware to VoIP, start with just a few. You’ll find you have a better solution and you’ll enjoy immediate benefits and savings.