

Drive business growth, improve customer experience, reduce costs.

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Benefits of Moving Voice Services to the Cloud

In today's business environment, organizations are required to do more with fewer resources, which can overburden the limited resources they do have. This creates complexities within business operations and imposes constraints on business growth.

So companies must find new, more efficient ways to operate with limited resources without increasing costs. The essential question: How can a business maximize its resources to improve productivity and drive growth?

Voice communication systems play a central role in business, affecting operational costs, internal and external communication quality and efficiency, customer service, and workplace productivity. In most cases, voice communication issues have a significant and direct impact on business operations and overall performance.

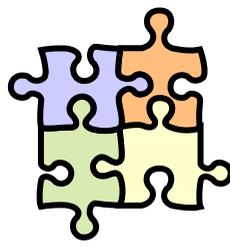
Can the business handle a large volume of phone calls? Do the right employees receive the right calls? What about after-hours calls? How quickly can employees respond to customer issues? How do employees best manage the multiple ways they have to communicate, including office phones, cell phones and email? Are valuable IT resources being unnecessarily diverted to handle low-level telephony issues? Is the phone system able to provide business continuity when faced with a natural disaster? How well are voice expenditures controlled and phone system management minimized?

It is important for a company to answer these questions in order to improve business operations. And, in increasing numbers, the answers are driving business leaders to move to VoIP-powered, hosted IP PBX solutions (also called "cloud PBX," "managed PBX," and "virtual PBX").

According to reports by the international market research firm Infonetics Research, a total of \$377 billion will be spent on VoIP services from 2012 to 2016, with hosted or "managed" IP PBX being the largest segment of business VoIP services.¹ Demand for cloud-based services helped push hosted PBX and UC service revenue up 33% and seats up 44% in 2011.¹ Revenue from cloud-based managed IP PBX business services is expected to more than double from 2010 to 2015.²

What's driving that level of growth for cloud-based VoIP services?

This whitepaper will explore the many benefits that hosted PBX solutions deliver, especially for small and mid-sized businesses.



What Are PBX and IP PBX?

The future of corporate communications may be cloud-based VoIP systems like hosted PBX, but what about the past?

A PBX (which stands for Private Branch Exchange) is a telephone switching system used by businesses to connect internal phone extensions to each other and connect externally to the telephone system over shared lines. With a PBX, a company does not have to pay to install a phone line for each telephone in the organization. PBX systems have been used by businesses for decades.

An IP PBX is a PBX system that supports VoIP and uses IP data networks for voice communications. An IP PBX can switch, forward and route the calls between VoIP networks to PSTN and PSTN to VoIP. These systems started to gain popularity in the 1990s and remain a popular choice today.

Limitations and Challenges of Premise-Based PBX and IP PBX Systems

To better understand the benefits of cloud or hosted PBX solutions, it's instructive to examine some of the issues of on-premise PBX systems.

- 1. Capital expenditures (CAPEX):** Buying, upgrading or replacing a premise-based PBX or IP PBX phone system is a large capital expense. According to industry experts, the estimated average first year costs for a PBX system at a business with 50 users typically runs between \$1,000 and \$1,250 per user.
- 2. Physical space and related costs:** As hardware, a PBX system needs space allocated for it at the business location, as well as ongoing electricity to power and cool the system.
- 3. IT management requirements:** On-premise PBX systems require on-premise IT staff to keep them functioning and to manage MACs (moves, adds and changes). IT staff may also need to travel from location to location to perform PBX management and maintenance work.
- 4. Inflexible systems:** Physical on-premise systems lock-in functionality that may have been sufficient when purchased but doesn't keep pace with improving telephony functionality or changing business needs. Over time, legacy office phone systems can become more costly to maintain (parts may even be hard to find for discontinued systems). Businesses stuck with these obsolete legacy systems can find themselves at a competitive disadvantage.

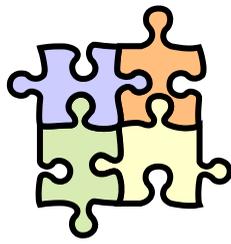
The first commercial telephone exchange opened in New Haven, Connecticut, in 1878.

PBX stands for Private Branch Exchange.

In the first generation of PBX systems (1900-1930), a human operator manually set up calls.

An IP PBX is a PBX system that supports VoIP and uses IP data networks for voice communications.

Hosted PBX services can spur productivity, improve team collaboration, help organizations better understand and serve their customers, improve overall business resilience, and ultimately drive revenue growth and provide better service.



- 5. Disaster and other downtime risks:** Most small and mid-sized businesses don't have a state-of-the-art, secure data center to house their PBX systems or have systems in place to reroute voice traffic. So their communications are more vulnerable to local power outages and natural disasters.

Cloud-based, managed PBX systems overcome all these limitations of premise-based PBX systems and deliver other compelling business benefits as well.

Benefits of Cloud-Based, Hosted PBX Solutions

Capital expenses are eliminated with cloud-based PBX solutions because the hardware is provided by the service provider. Voice costs are shifted to more predictable and manageable operating cost. Because businesses can eliminate the significant upfront capital costs of an on-premise system, first year costs for hosted PBX solutions are greatly reduced. Industry experts estimate that the average cloud-based PBX system costs approximately one-third of the average premise-based PBX system for the same 50-person organization in the first year.

Organizations can also eliminate any space and energy requirements for their enterprise phone system because the voice service provider delivers all the PBX functionality as a service and takes care of physical hardware on their end.

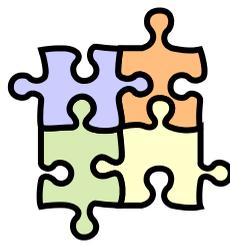
Hosted PBX solutions can greatly reduce the amount of IT management required by the businesses using them. In fact, these hosted solutions are often referred to as "managed" PBX solutions because the service provider assumes the management burden. Making changes to the phone system is much quicker and easier with hosted PBX because changes (both large and small) can typically be accomplished via a web portal. This means it's no longer necessary to send a voice team member or vendor to a physical location to make changes to the PBX. Moves are also easier, because a user can move their phone to another location that is on the network and it will automatically turn up. This saves time and money for MACs (moves, adds and changes). This same simplicity also allows individual users to easily customize their own phone service functionality to better fit their work requirements, such as seamlessly handling business calls outside of the office.

Increased flexibility is one of the significant advantages that hosted PBX solutions have over their on-premise counterparts. Growing companies quickly realize the benefit of how simple and seamless it is to add new users to the phone system. The same is true for multi-location companies.

Move from CAPEX to OPEX.

Premise-based PBX - average first year cost for a 50-phone system is approximately \$1,000 to \$1250 per user.

Cloud-based PBX - average first year cost per user is approximately one third of a premise based system.



Cloud Voice Services

The same functionality that mitigates risk and provides business continuity and disaster recovery also helps businesses meet the needs of a more flexible and mobile workforce.

With a cloud-based system, it is, for example, just as easy to add four new users in four geographically distinct locations as to add four users sitting right next to each other.

Hosted PBX systems allow businesses to easily add new communications features to their system as they become available, leveraging the cutting-edge technology to stay fully productive and competitive. Businesses also avoid the headaches associated with an aging, inflexible on-premise system that gets more outdated each year.

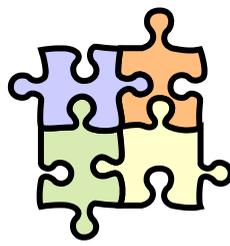
A recent IDC study cited telecommunications failures as one of the greatest risks to business continuity.³ Faced with the increasingly unpredictable and extreme weather and high-profile disasters such as hurricane Katrina and superstorm Sandy, many businesses are turning to cloud-based PBX systems for their business continuity benefits compared to on-premise systems.

When a disaster hits, the power goes out, equipment goes down, or employees cannot get to the office for any reason, it's important to have a business recovery plan that can be quickly executed. With a cloud-based PBX solution, businesses have the ability to use a web portal to reroute phone numbers from the affected business location to another office location, or even to employee cell phones. Employees can work from home when their primary offices lose power or when they are unable to make the commute for some other reason. Calls route to the right individuals at their temporary locations and employees maintain access to necessary phone functionality like voicemail remotely. To customers, vendors or partners calling the business, it may seem like business as usual, even under very unusual circumstances.

The same functionality that mitigates risk and provides business continuity and disaster recovery also helps businesses meet the needs of a more flexible and mobile workforce.

Today's workforce is an increasingly mobile one: Employees are more likely to travel or telecommute, and need a way to stay connected to business tasks anywhere they go at any time of the day or night. A hosted IP PBX solution can play an important role by empowering employees to handle business calls from locations outside the office — transparently, as if they were in the office. Hosted PBX provides mobility and connectivity advantages in a global economy.

Hosted voice solutions typically provide a number of advanced features that are designed to improve business communications and productivity.



Computerworld named S-NET Hosted Voice Honors Laureate for 2011

2011
THE COMPUTERWORLD
HONORS PROGRAM
LAUREATE



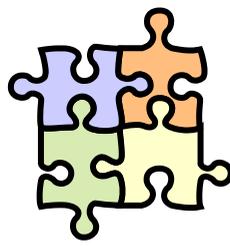
Voicemail to email is a service that can automatically send phone messages to an email account, which offers employees another way to quickly receive and respond to important messages.

- **Web Based control for call routing** allows users to route calls to either in sequence or simultaneously to a list of numbers, so calls are answered by the right people. **Alternatively business can** forwards phone calls to designated numbers based on a time schedule.
- **Simultaneous ring** allows businesses to designate multiple phones (potentially at different locations) to ring at the same time when calls come in on a specified number.
- **Auto attendant** provides an automated virtual answering and transfer system (sometimes referred to as a “virtual receptionist”) for all incoming calls, so they can be quickly routed to the correct individual or department.
- **Unified fax** lets users receive personal faxes as a PDF files.
- **Softphone client** is an application that lets users make and receive calls on their laptop over an Internet connection as if they were in the office.

Let's examine another benefit of cloud-based PBX solutions in greater detail: Call Reporting

Close analysis of calling patterns can help a business manage expenses and identify calling trends that provide them more insight to their business. Understanding call patterns can help a business better staff for peak call periods or determine call coverage hours to more efficiently utilize staff and improve customer service.

One advantage of a hosted system for call reporting is the ease in which call reporting data can be exported and analyzed. In a multi-location business environment, call logs can be used to determine a benchmark for productivity of top-producing locations. This information allows management to coach and set expectation to drive better results at underperforming locations. The



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hosted PBX call logs will identify, among other information, the average call time of outbound and inbound call by extension, the number of unanswered calls and the times that calls were missed.

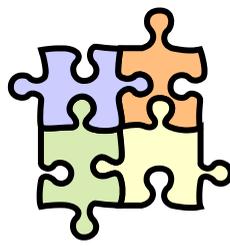
Insights provided by this call reporting, coupled with location performance, can inform strategic business decisions and provide increased revenue opportunities. By improving the way voice calls are managed, a business can leverage the technology to improve operations and provide better service to its customers. Right-sizing customer service and support staff and/or developing an overflow rerouting process to handle all incoming calls can help businesses deliver higher customer satisfaction and increased revenues with fewer missed calls.

SNET Hosted Voice

SNET is a leading business communications service provider. SNET's award-winning Hosted Voice solution delivers a fully featured, enterprise-class managed IP PBX via the cloud. Services can be delivered via the public Internet or on a private network with Quality of Service to optimize call quality.

SNET Hosted Voice service can spur productivity, improve team collaboration, help organizations better understand and serve their customers, improve overall business resilience, and ultimately drive revenue growth and provide better service. By migrating voice services to the cloud, your business can improve operations and drive business growth.

The SNET Hosted Voice cloud-based IP PBX solution provides the flexibility that allows you to adapt and thrive as technologies develop and change.



“Our goal is to be in the software business, not the phone management business.”

Hosted Voice Case Study: Centrax Corporation

Business Challenges

It goes without saying that customers are the lifeblood of any business. And that's especially true for Chicago, IL -based Centrax Corporation. They design employee online education – to help businesses run more efficiently and profitably, but they've also built a reputation for the highest quality service and support in their industries worldwide.

They turned to SNET Business to provide a hosted solution with single-number customer access and web-based voice mail, both improving the customer experience and eliminating the ongoing maintenance of an aging phone system.

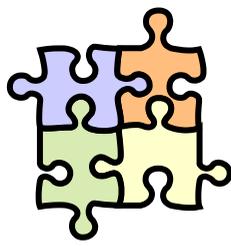
“We wanted our customers to be able to reach our support techs through direct-dial numbers without having to go through an automated attendant,” said Edward Prentice III, President of Centrax. “Our existing system lacked some of the features we needed to support our customers after hours efficiently, but SNET quickly turned those areas into strengths for our customer support department.”

After reviewing several options, the software firm selected SNET Hosted Voice because it offered a fully integrated cloud-based system to meet their needs and, more importantly, provided a consistently high level of call quality that the company needed.

Solution

In searching for a new communications partner, Centrax focused on cost/benefit analysis. SNET Business clearly stood out from the competition. The deciding factor? Guaranteed call quality. “We rely heavily on efficient communications to support our customers,” Prentice said. “Technical support of our customers' mission- is vital to the success of their business. The reliability and quality of our communication with them is paramount.”

“With Hosted Voice, when our employees travel or work after hours, voicemail messages are sent as an email attachment, so no matter where we are, we can respond quickly to customers. We also use the soft phone on a laptop which acts as the office phone when we travel.”



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“Our employees are also happier, because the system provides them with greater flexibility. Each employee can customize how they use Hosted Voice through the easy to use Web Portal.”

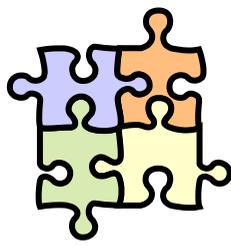
“We now manage our system as an affordable operating expense rather than spending capital dollars on a system that may not meet our needs in two years.”

Positioned For the Future

As Centrax continues to grow and look to the future, they are aware that culture changes will drive and define new ways to meet their customers’ needs, which are being driven more and more into the cloud and where Ideal Software is moving with its own product lines. “Our customers are now able to access services via multiple devices – cell phones, tablets, computers – no matter where or when, so that’s where we are too. The SNET hosted voice solution provides the flexibility that allows Centrax and its staff to adapt and thrive as technologies develop and change.”

“We are in the software development and support business, not the phone management business,” said Prentice. Hosted Voice eliminates the capital expense of purchasing and managing a phone system, so Centrax won’t have to worry about making sure that their phone system keeps up with those changes. As part of the Hosted Voice service, SNET will upgrade the phone service with the constantly evolving technology as soon as it’s available. Prentice concludes, “As a progressive technology company, we want to take advantage of the same types of technologies we offer our own customers, such as hosted cloud services.”

Centrax met their goals of upgrading to a modern flexible system with excellent call quality that enables the company to deliver unparalleled customer service while positioning it for the future.



SUMMARY

Hosted IP PBX systems are not just an opportunity to reduce costs; they are also an opportunity to drive business growth and an improved customer experience, while at the same time maximizing efficiencies and managing cost. Consider how much more value a cloud-based, managed SNET Hosted Voice solution could deliver to your business and operations:

- By moving voice services to the cloud, your business gains significant benefits.
- Business continuity is improved because of the ability to instantly route and reroute calls to another location.
- Operations and productivity are increased with improved message handling capabilities through voicemail to email or through the web portal.
- Expensive capital upgrades or system replacement costs can be avoided by utilizing a cloud-based, hosted PBX as an operating expense.
- Hosted IP PBX solutions protect against system obsolescence by providing new features to customers as they are made available.
- Maintenance expenses are reduced because the service is delivered through the cloud and there is no system onsite to maintain.
- Adds moves and changes are easy to make through the portal or by just moving a user to a new space that is on the network.

Businesses are moving their telephony services to the cloud with SNET Hosted Voice to leverage the benefits of a hosted PBX along with the communications and network expertise of SNET. Our award-winning voice solution help your business control costs, improve workplace productivity, focus IT resources on your core business goals, provide business continuity, drive a better customer experience, and maximize the efficiency of your business resources.

SOURCES:

1. Infonetics, VoIP and UC Services and Subscribers Market Share and Forecast; October, 2012
2. Infonetics, VoIP and UC Services and Subscribers Market Share and Forecast; March, 2011
3. IDC, The State of Business Continuity in End-User Environments in 2011, doc #227783; April 2011

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