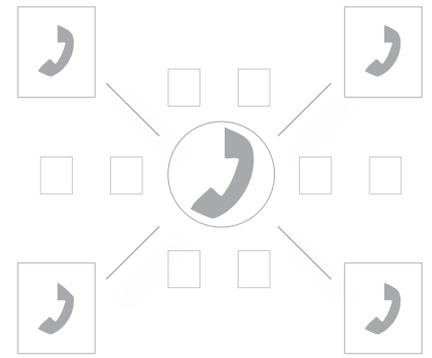


# VoIP for the Small Business

## Reducing your telecommunications costs



### Research firm IDC<sup>1</sup> has estimated that a VoIP system can reduce telephony-related expenses by 30%.

Voice over Internet Protocol (VoIP) has become a viable solution for even the smallest of companies as broadband internet access has become affordable and much more widespread. VoIP offers a low cost alternative to expensive traditional phone services, and is rapidly becoming the communications system of choice to reduce telecommunications costs. Hosted VoIP services are also gaining popularity among smaller companies since these services do not require any investment in hardware.

### Your Rising Telecommunications Costs

As a small business owner, you are under constant pressure to control your costs. You may have employees who work from home or who are mobile, such as salespeople, who make a high number of long-distance calls. As your business grows, your monthly phone bill likewise increases, so you need to look for new but effective ways to minimize your telecommunications costs.

Until recently, small businesses had no other real alternative to Public Switched Telephone Network (PSTN). However, today a technology called Voice over Internet Protocol (VoIP) has become a viable solution for even small companies since broadband internet access has become more affordable and popular among small businesses. VoIP is a revolutionary technology that provides inexpensive voice communications and can reduce your telecommunications costs. Research firm IDC<sup>1</sup> has estimated that a VoIP system can reduce telephony-related expenses by 30%.

<sup>1</sup> IDC White Paper (2006), "VoIP: Delivering the Competitive Advantage,"

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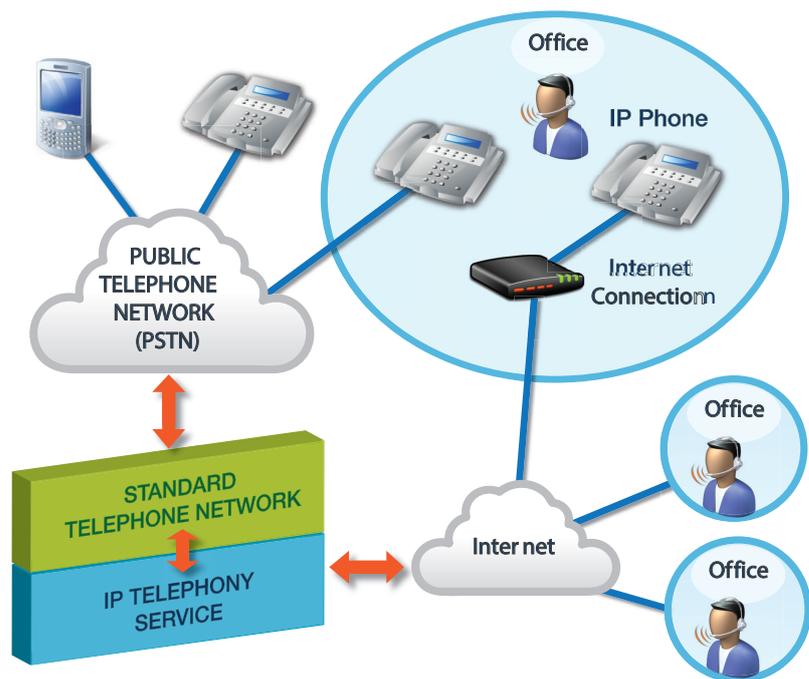
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“...The good news is that there are plenty of innovative VoIP companies ready to help. They range from voice-over-broadband and SIP-trunking providers to vendors of IP PBXes that work with such SIP trunks. Though they typically aren't big-name providers with huge support organizations, the sophisticated services they offer at least aim to make the small businesses that use them seem bigger.”

**Robert Poe**  
**VoIP News**

## What is VoIP?

Voice over Internet Protocol (VoIP), also called IP telephony, is the technology that allows you to make voice calls via the internet instead of traditional phone lines. You can make calls using a dial up connection or a broadband connection (however, a broadband connection is necessary for superior voice quality).



## Types of VoIP Services

### Free VoIP services

There are many free VoIP services that allow you to make free computer-to-computer calls. These services are mainly designed for individual use, and include such services as Yahoo Messenger, MSN Messenger, and Google Talk. They provide you with instant messaging tools and also allow simple videoconferencing.

Skype is one of the most popular VoIP service providers, and most of its services are free. Skype allows you to make free Skype-to-Skype calls, video calls, and conference calls, and also provides an instant messenger tool. These free services work well for staying in touch with family and friends, but may not provide you with the voice quality and reliability needed for your professional ongoing business needs.

### **Business VoIP services**

These services are specifically intended for business use, offering the quality of services required by professionals, and consequently are not free. Companies offering business VoIP services include Packet8, Speak-easy, Vocalocity, Covad, and Vonage, one of the top leaders in internet telephony.

Vonage offers small business VoIP plans and charges a low, flat monthly fee for allowing you to make national and international calls. Skype also has a plan for business users which allows you to make unlimited phone calls (to a landline or cell phone) within the U.S.A and to Canada for a very low flat monthly fee. There are many such options in VoIP service providers offering a flat monthly fee from which to choose the best one to suit your requirements.

### **How can VoIP Save You Money?**

VoIP offers many benefits and useful features over traditional telephony. The most significant benefit is that it saves your business money by reducing your phone bills, through network convergence, and by providing you with many useful features at no additional charges.

### **Lower costs**

VoIP phone services are cheaper than traditional telephone services. If your business is making frequent long distance calls, then VoIP can dramatically reduce your phone bills as many VoIP service providers will allow you to make unlimited long distance calls at a very low flat monthly fee. For instance, if your staff is using conventional telephone services to make sales calls, your monthly telephone bill is probably hundreds of dollars per month. In contrast, if you choose to use a VoIP phone service such as Vonage for your business, you get unlimited local and long distance business calling within the United States and Canada for flat monthly fee of \$49.99 per line. International calls are charged at very nominal rate. If you are calling another Vonage number then the call is free, even if it is an international call.

“  
...VoIP phone services are cheaper than traditional telephone services. If your business is making frequent long distance calls, then VoIP can dramatically reduce your phone bills as many VoIP service providers will allow you to make unlimited long distance calls at a very low flat monthly fee.”

### **No additional charges for special features**

Almost all of the VoIP service providers offer many useful features free of cost, as these services are bundled with a VoIP service. For instance, with Vonage VoIP, services such as a dedicated fax line, voicemail, caller display, call diversion, call waiting, and 3-way conferencing are free.

### **Savings on adds, moves, and changes**

As your business grows, many new employees may be added to your company, and over time some of your existing employees may leave the company. With a traditional phone system, adding a new phone line or changing an existing line is an expensive and a very time consuming job, often requiring the services of an expert who charges per service call. VoIP is very suitable for your growing business needs as adds, moves, and changes are very easy to perform yourself via a Web-based control panel.

### **VoIP increases your employees' productivity**

VoIP provides you with several large, enterprise-level communications capabilities, such as auto-attendant (answering system) and find/follow features. Until now, these capabilities were very expensive and were only possible through Private Branch Exchange (PBX) telephony systems. However, with today's VoIP solution, your small business can have access to these advanced capabilities. For instance, your company can have access to a find/follow feature that permits rerouting of calls automatically to employees wherever they are located. With this facility your employees can choose to have calls follow them from a traditional desk phone to their cell phone or even to their e-mail boxes.

### **No need for separate networks**

With VoIP, you do not need to maintain separate networks for voice and data. You can converge both networks into a single network, making the overall management quite simple.

### Hosted VoIP vs. Premises-Based Key Benefits of Hosted VoIP

You have two options available to you: you can manage your VoIP system in-house, or you can opt for hosted VoIP services. In a premises-based model, all hardware related to the IP phone system will reside at your company's site. You will purchase, install, and maintain all the equipment, and you will need in-house expertise to operate the system. Premises-based systems are complex to install and maintain. In addition, you must invest money in equipment.

In contrast to a premises-based system, hosted VoIP solutions involve no upfront costs. All the equipment is managed off-premises by a service provider, and there is no physical hardware onsite to maintain. The service provider maintains and supports the equipment, and you get the services for a flat monthly fee.

Small companies are quickly adopting the hosted Voice over IP (VoIP) model as it is the more reliable and cost effective solution. You get services at flat monthly expenses based on the number of lines and features.

A leading consulting firm, AMI Partners2, which forecasts trends among small and medium businesses, predicted that hosted VoIP spending will grow at a compounded annual growth rate (CAGR) of 56.9% between 2005 and 2010, and most of this growth will come from the small business segment (companies with up to 99 employees), which will grow at a spectacular 69% on a cumulative basis for the next 5 years.

### Conclusions and Recommendations

Until recently, smaller companies have had no real alternative to expensive conventional phone systems. Now, as broadband internet access has become affordable even for small businesses, VoIP is becoming a cost-effective, feature-rich alternative to traditional phone systems. Small companies are quickly adopting hosted VoIP solutions to lower their telecommunication costs.

### Recommendations

- ✓ Network assessment is essential to implement VoIP solutions effectively. Your network vendor can do this for you.
- ✓ Microsoft also offers VoIP products for small business, such as Office Communicator and Microsoft Response Point.
- ✓ A hosted VoIP solution is the best alternative for you if you do not want to invest in equipment and you do not have a dedicated IT staff to manage the service in-house.
- ✓ VoIP phone services are affected by power outages. Select your hosted VoIP service provider carefully. Ask them about the backup system in case of a power outage, and whether they provide emergency call service (Enhanced 911 service or E 911). Also ask vendors about the features they offer, then select the vendor who provides you with the features that best meet your requirements.
- ✓ Try to find a vendor who provides “roll to” features. In case you experience a power failure in your office, your calls will automatically be forwarded to another specified cell or landline number.
- ✓ The service provider who offers the VoIP services on a per-seat basis may prove to be more suitable as you will have predictable monthly expenses.

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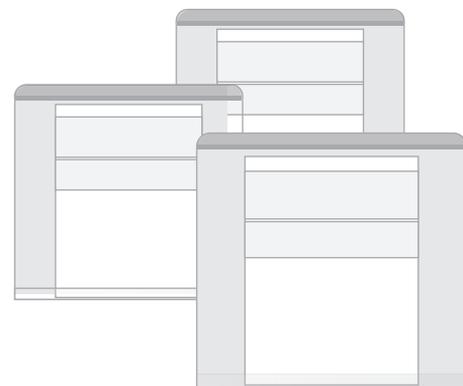
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# Web Collaboration

*Enhancing the productivity of your business*



**Small businesses that can work together effectively compete more aggressively with their competitors. Collaboration brings your employees and customers together, resulting in improved efficiency and stronger relationships with customers**

In today's global business environment, the value of working together, or collaboration, can have a huge positive impact on your business. Your employees and teams need to work together, and share ideas and information across geographic boundaries. For a small business such as yours, effective collaboration is essential to improving productivity by empowering your employees to communicate and work more efficiently using the right communications tools. Small businesses that can work together effectively compete more aggressively with their competitors. Collaboration brings your employees and customers together, resulting in improved efficiency and stronger relationships with customers.

For example, if ten geographically dispersed employees want to work on a project jointly; they can simply dial into an audio conferencing bridge and can share ideas and exchange information without physically moving to a common place. If the company has web conferencing or whiteboard equipment and shared workspace, all these employees can even view the same presentation or worksheet, and can modify materials together in real time. Employees no longer need to travel to the same physical location to communicate and collaborate, and can work together everywhere. They can team up with internal colleagues or external partners through these real-time collaboration tools, attaining a wide variety of common goals, such as sharing customer information, designing, product development, marketing, building consensus, and gaining approval.

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## 2 Types of Collaboration Tools Synchronous and Asynchronous

Collaboration tools generally fall into two categories

**Synchronous Tools:** Synchronous tools are presence-based, used when all parties are working at the same time but in different locations. These tools enable real-time communication similar to a face-to-face meeting, connecting people at a single point of time. This type of tool includes:

- Audio conferences
- Web conferences
- Video conferences
- Instant messages
- White boards
- Application sharing

Audio conferencing, a telephone connection between more than three people through audio connection, is useful for verbal discussions and dialogue. Web conferencing is the fastest growing collaboration tool—one that you could be using today. It connects people together from multiple locations and allows application and video sharing, and can include features such as content, polling, and white boarding. Presence-based instant messaging tools are useful for quick resolution of problems and issues.

**Asynchronous Tools:** Asynchronous tools enable communication over a period of time, allowing people to connect at each person's own convenience, and not necessarily at the same time. Some examples include:

- Messaging (e-mail)
- Discussion boards
- Web logs (Blogs)
- Shared Calendars

“...Wainhouse Research<sup>1</sup> has highlighted that collaboration solutions such as audio, video, and web conferencing are reducing the need for travel eliminating airfare, taxi, and hotel expenses.”

<sup>1</sup> Wainhouse Research “Competitive Advantage: The CEO’s Guide to the Connected Enterprise”,

<sup>2</sup> A Frost & Sullivan White Paper, “Meetings around the World: The Impact of Collaboration on Business Performance,”

<sup>3</sup>Wainhouse Research, “Collaboration with Teams and Partners: Achieving productivity Gains Inside and Outside Your Business,”

<sup>4</sup> Wainhouse Research, “The Vital Role of Web Conferencing in Small & Medium Enterprises Users Reveal Key Applications and Their Value”,

## The Impact of Collaboration on Business Performance

### Increased productivity and reduced costs

Collaboration tools are enhancing business performance by increasing productivity and cutting costs. Collaboration solutions replace face-to-face meetings. Wainhouse Research<sup>1</sup> has highlighted that collaboration solutions such as audio, video, and web conferencing are reducing the need for travel – eliminating airfare, taxi, and hotel expenses. Eliminating travel also eliminates many hours and days of downtime away from the office, and reduces stress levels and wear and tear on the business and personal lives of employees.

### Improved communications and enhanced coordination

Collaboration tools help facilitate faster and more effective communications. Presence-based instant messaging tools help employees access coworkers immediately, helping them to quickly resolve customers’ problems. This increased efficiency results in higher customer satisfaction. Frost & Sullivan<sup>2</sup>, together with Verizon Business and Microsoft, conducted a research program to learn how collaboration impacts business performance. The results showed that high-quality collaboration has significant and positive impact on financial performance, labor productivity, customer satisfaction, and product quality, development, and innovation.

### What collaboration technologies do small businesses use?

Collaboration technologies had their beginnings in telephone and e-mail, but these days they can include everything from intranet portals to videoconferencing. Instead of using separate sets of applications, companies are creating virtual workspaces by assembling these technologies together. While the trend is shifting toward real-time collaboration, asynchronous communications tools are still playing a vital role in organizational interaction. A survey conducted by independent market research firm Wainhouse Research<sup>3</sup> reveals that email clearly leads in daily usage, and web conferencing falls right behind audio conferencing as a daily or weekly tool. Wainhouse Research<sup>4</sup>

“...The results showed that high-quality collaboration has significant and positive impact on financial performance, labor productivity, customer satisfaction, and product quality, development, and innovation.”

has further shown that smaller organizations tend to be quicker in adopting new ways of working than their larger enterprise counterparts. Specifically, the survey data revealed that small and medium enterprises (SMEs) have embraced the use of web conferencing to the point that it is now the medium of choice for conducting meetings, while large enterprises prefer to meet in person. About 75 percent of small enterprises reported solid to dramatic growth in using web conferencing tools. The study showed that the ability to include more people, save travel costs and time, and increase productivity are the major motivating factors for SMEs to use web conferencing.

### Conclusion

As advanced collaboration tools are becoming more affordable, small businesses are embracing these tools in order to make decisions faster and provide better customer service by responding more quickly and efficiently.

### Next Steps

1. Talk with your employees about how you can help them collaborate more effectively. You might be surprised by their ideas and input.
2. Work with your IT Consultant to determine which web collaboration tools will best accomplish your goals, and how to implement those tools effectively.

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# Outsourced IT

*How SMBs can improve IT effectiveness while lowering costs*



**“Business owners who outsource IT support generally enjoy stable systems, lower maintenance costs, more uptime, and less worry.”**

The relationship between small and medium-sized businesses (SMBs) and Information Technology (IT) can often be described as a “love/hate” relationship. You absolutely rely on technology to help your business run efficiently, but IT is most likely not one of your core competencies – and just keeping your systems running can be a major undertaking that distracts you from business-building activities.

Some SMBs rely on an in-house IT staff for technical support, but this is not always all it’s cracked up to be. An in-house IT staff is generally only available for IT support during working hours – but what do you do when they’re sick, on vacation, or busy in a meeting? In-house staff also add high fixed costs to your payroll, and their experience is limited to what they have learned working for you and their last one or two employers. This gives them a very narrow perspective on overall industry trends and the “ins and outs” of available technologies. And since IT is not your core competency, you may have limited insight into how well the IT staff is performing.

For these reasons, many savvy SMBs are choosing to outsource IT maintenance and support to an expert third-party provider. Outsourcing gives SMBs easy access to high-caliber IT support they would not be able to afford in-house. Business owners who outsource IT support generally enjoy stable systems, lower maintenance costs, more uptime, and less worry.

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## The strategic advantages of outsourcing vs. full-time staff

In a very small business, it's pretty obvious that hiring a full-time IT person, let alone a full staff, is not a viable option. But hiring full time IT resources may not be the ideal choice for larger businesses either. To illustrate this point, let's take a look at the costs and benefits of hiring one full-time IT staffer compared to contracting with an outsourced IT provider.

IT Support Option	Full time IT staff member	Outsourced IT Provider
Approximate Cost	\$5000/month Salary + benefits	\$5000/month Managed services contract
Available Resources	1 person	A team of experts with various backgrounds and experience
Scalability Options	None	Excellent
Technical Capabilities	<p>Strong:</p> <ul style="list-style-type: none"> <li>▪ PC support</li> <li>▪ Network and server administration</li> <li>▪ Patches and upgrades</li> </ul> <p>Some experience:</p> <ul style="list-style-type: none"> <li>▪ Data backup</li> <li>▪ Business continuity planning</li> <li>▪ Security protocols</li> <li>▪ Product selection and procurement</li> <li>▪ Project management</li> <li>▪ Licensing</li> </ul> <p>Limited experience:</p> <ul style="list-style-type: none"> <li>▪ Infrastructure design and implementation</li> <li>▪ Network design and implementation</li> <li>▪ Telephony and VoIP</li> <li>▪ Industry trends and best practices</li> <li>▪ Strategic business use of technology</li> </ul>	<p>Strong:</p> <ul style="list-style-type: none"> <li>▪ PC support</li> <li>▪ Network and server administration</li> <li>▪ Patches and upgrades</li> <li>▪ Data backup</li> <li>▪ Business continuity planning</li> <li>▪ Security protocols</li> <li>▪ Product selection and procurement</li> <li>▪ Project management</li> <li>▪ Licensing</li> <li>▪ Infrastructure design and implementation</li> <li>▪ Network design and implementation</li> <li>▪ Telephony and VoIP</li> <li>▪ Strategic business use of technology</li> <li>▪ Industry trends and best practices</li> <li>▪ PLUS                             <ul style="list-style-type: none"> <li>• 24/7 system monitoring and support</li> <li>• remote, overnight patches and upgrades</li> </ul> </li> </ul>

“  
...A business-savvy provider who gets to know your business is much more likely to point out technologies that can provide you with cost savings and enhanced efficiency.”

IT Support Option	Full time IT staff member	Outsourced IT Provider
Availability	<ul style="list-style-type: none"><li>40 hours a week, usually only during normal business hours. Unavailable during sick / personal days, holidays, and vacations.</li><li>Overtime is extra</li></ul>	<ul style="list-style-type: none"><li>24 / 7 / 365 service</li><li>Fixed fee, no overtime</li></ul>

As you can see, outsourced services generally cost less than maintaining an in-house IT staff – and the technical expertise, availability, and scalability is far superior.

## Consider a hybrid solution

Even if you have an in-house IT solution that works for you, you might benefit from adding an outsourced solution to supplement your existing support. The advantages of a hybrid scenario include:

- adding a new level of expertise and experience
- economically extending service hours
- covering staff shortages
- handling special projects
- freeing up your in-house team to focus on tasks more essential to core operations.

## Finding an IT company that fits your needs

Once you've made the decision to outsource, it's time to select a provider – and you will have plenty of options. New IT providers crop up at a dizzying pace, but they're certainly not all equal – or even competent. Anyone who has a history of troubleshooting their friends' computer woes can start up an IT support company, but that doesn't mean they have the breadth of knowledge and experience you need to effectively manage your entire IT environment.

So how can you find an IT company that is right for you and your business? Before signing any contracts, make sure you grill potential providers on these two critical points:

### **1. Find out how they view technology in relation to your business.**

The most common shortcoming for an outsourced IT provider is not technical expertise – it's business acumen. Ask potential providers how they will manage or recommend technology in light of your specific business goals, and what strategic approach they take to technology as a business tool. Ask for specific examples of how they have merged the two in the past. A business-savvy provider who gets to know your business is much more likely to point out technologies that can provide you with cost savings and enhanced efficiency.

### **2. Explore their communication and management philosophies.**

Do they have a set communication process? Are they prepared to adjust services and projects in light of feedback from your team? Will they proactively manage their relationship with you, conducting periodic reviews of your technology and recommending improvements and upgrades? Or are they going to sit back and wait for you to come to them?

A truly effective IT Company will do more than just fix what's broken. You want a service that understands your business and goals and will proactively help you reach them. Investigating these two areas carefully will help you select a provider who will be an asset to your business for many years.

## **Happily ever after**

Outsourcing IT support can be a win/win for many SMBs. If the relationship is entered into carefully, an outsourced provider can offer far superior technical expertise and 24/7 availability at approximately the same cost as (or even less than) full-time resources – without the overhead, HR paperwork, sick days, or overtime. The right provider will show you ways to use technology to lower costs and increase productivity for greater payback on your IT investments.

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