



Getting Past Sales Hype on IP

IP ONLY TELEPHONE SYSTEMS

Before you decide to spend thousands on a new telephone system and just because some high powered sales person has told you that the future is in IP-Only Telephony and every other proposed solution is obsolete, please take a little time and look at some things that might clear up the truths about this new technology.

We are trying to help you to make an informed decision on the purchase of your new telephone system.

Remember the phrase “just because you can doesn’t mean you should”.

The term Voice over IP (VoIP) is a very general term and is used extensively in our industry, often with very different meanings. Certainly when used in the right applications VoIP is a marvelous thing.

Investors and buyers alike are barraged with VoIP propaganda. Investors are looking for success stories from manufacturers, and manufacturers are bending over backwards to spin the media in the VoIP direction. Published reports show that traditional telephone system sales are declining while VoIP sales are up by as much as 80%. When looking at this data at face value you would think that in order to keep your business current, you must purchase a VoIP system, right? *As a potential purchaser you may not know what all this means, but you don’t want to be behind the curve.*

First let’s break down what goes into that 80% figure. Most telephone system manufacturers make Traditional TDM telephone systems. Many of these systems have the capability to add VoIP functionality. However, the trend now is to rename the switch to include the acronym “IP”. Therefore you find there are three categories of systems available: IP-Only, IP-Enabled, and Converged.

Because the manufacturers want to grade themselves against their competition for bragging rights over market share, they report every dollar connected with a system sale with the name “IP” or “IP Capability” as a VoIP sale. Now when these numbers are published there are signs of huge successes in VoIP system sales. These successes fuel investments and speculation.

*Therefore does all this hype over VoIP mean that everyone is buying an IP-Only system?
Certainly not.*

As mentioned previously there are three categories of IP Telephony solutions. These are defined by Phillips InfoTech, a well know industry analyst, as:

- **IP-Enabled** – These are Telephone systems that have a TDM infrastructure and have capability to implement VoIP applications and services. With IP-Enabled systems all the features, services, and reliability of the TDM technology is available and the applications for IP (Remote Keysets and networking) are readily available. An IP-Enabled system may be capable of using existing Digital telephones and other hardware while allowing the new IP Applications to be added as needed.
- **Converged** – A converged system combines the TDM capability and IP services in one package that allows Keyset migration from an older system. With Converged systems any combination of TDM and IP can be set-up and integrated within these systems are Data Networking capabilities that allow these systems to be a one stop solution. The Converged solution may offer the capability to migrate existing Digital telephones. Most Converged solutions are built in cabinets that resemble data equipment and reside in data equipment racks.
- **IP-Only** – These systems are built to support only IP telephones and services. They generally are expected to coexist upon the local data network. It is with this type of system that Cisco and other non-traditional telephone equipment manufacturers are providing. Carriers, such as XO, BroadView (ATX) and Vonage are attempting to deploy and “rent” to customers iP Phones from their facility! This is a throw-back to the old business model from Bell Telephone renting their CENTREX phone line service. CENTREX was very expensive service you RENTED and could NEVER OWN! We don’t believe that renting Ip Phone service will ever be a more cost effective solution .

While there are many choices and considerable hype over the technology, it is truly a time for the buyer to be beware.

IP-Enabled and Converged vs. IP-Only

As a potential purchaser of a new telephone system what are your choices and why would you choose one over the other. We all are experiencing rapid changes in technology. Over the past 25 years our lives have been dramatically changed by this influx of technology. It stands to reason that this growth in technology has spread to the telephone system arena.

To take advantage of the hype of the technological swing the combination of voice traffic over the data network seems like the right approach. *This approach has been divided between those that want to take the “fork-lift” method (revolutionary) and those that think that there is value in migrating to new technology as it becomes readily available and protecting the current investment (evolutionary).* This is one of the fundamental differences between the types of system solutions. The battle lines are drawn between the IP-Enabled/Converged solutions (evolutionary) and the IP-Only solutions (revolutionary). IP-Enabled/Converged solutions represent the majority of VoIP sales within the past couple of years. This is especially true in the 200 desk-top Enterprise arenas. The IP-Only solutions have had their greatest successes with government and

educational institutions, while Enterprises that must rely upon their telephone system for revenue have chosen the IP-Enabled/Converged route.

When it comes down to the IP-Only and IP-Enabled/Converged there are pros and cons to both. What it eventually comes down to is what are your communications needs, what currently is in place (both telephone system and data network) and what can you afford to pay to satisfy your needs.

Because of the heavy reliance on the data network infrastructure, IP-Only systems generally require not only a complete system change out, but a data network overhaul. Market watcher Canals reports: *“The existing data network infrastructure of an Enterprise poses the greatest barrier to getting IP-Only solutions to take off in a big way. There are resellers saying to customers that they have a great IP Telephone system solution, however, less than 1% of the Enterprises have the network infrastructure in place to support the solution.”*

The system you currently have in place may be capable of being upgraded to an IP-Enabled or Converged system. In many cases the current Digital telephones can be migrated forward. This provides investment protection, is less disruptive and creates less risk than a whole change out to a new system. Think of the trauma involved with teaching all your current telephone users how to operate the new telephone. This investment protection that is provided with a migratory approach is very cost effective and comforting to the organization. When faced with a “forklift” change out that accompanies an IP-Only solution, may decision makers fail to look at this certain disruption to the normal flow of business.

The rock solid reliability of a TDM system can not be argued. They almost never go down and when everything else fails (computer, network, e-mail, etc.) what do you do? Pick up the telephone and call someone to come fix the problem. It is on this reliability premise that IP-Enabled/Converged systems are built. These solutions provide IP application solutions, but they are accomplished in such a way that they do not over tax the existing data network infrastructure. Remember this about an IP-Only solution: the more a telephone system resembles a data network, the more it begins to act like a data network. These IP-Only system are often vulnerable to threats presented by viruses and denial-of-service attacks. These are coordinated efforts to overload an Enterprise’s network by deluging them with Spam. Should you have to worry about your telephone system every time there is a new virus attack?

The IP-Enabled and Converged systems provide protection from these attacks and allow you the stability and reliability of a TDM system and still allow you to benefit from the cost savings and conveniences of IP Telephony Applications.

What are the Benefits of an IP-Only System?

Last year I attended a major VoIP Telephony conference and show. I had the opportunity to listen to the VP of Sales for a well respected telephone equipment manufacturer as he promoted their latest IP-Only solution. During the Q&A period afterward he was asked: *“As a small to medium sized business owner, why would I want to put my telephone system, with is critical to my business operation, entirely on the data network infrastructure? What are the benefits?”* As I listened I knew this was a sincere question, and that there should be a very clear answer. However he just hemmed and hawed until he finally just admitted there were no real benefits.

This made me wonder. Ok! Let's get this straight. IP-Only telephone systems cost more than IP-Enabled/Converged systems to implement, can potentially cause me to restructure my data network infrastructure, are less reliable, and have voice quality that is noticeably inferior.

"Then why should someone want to buy this system?"

"Because there are people that want to buy it."

An IP-Only Decision Can Cost More than Money

Who are these people that "want to buy it?" Generally there are two types. First is the client being sold a bill of goods by a well intentioned vendor who thinks he is doing a client a service by selling "leading edge technology". Being the first to have a new technology may be exciting but it can also cause many problems.

The other type is your IT manager who will use the purchase of this system to provide increased job security for his department. The IT department personnel have been well indoctrinated by the data network manufacturers that everything should be built upon the ubiquitous data network. Now that you rely on him/her to support your data network and your telephones, it becomes tougher to separate the two.

In the 90's the AT&T sales people often used the phrase, "no one ever got fired for buying AT&T" as a fear tactic in convincing prospective clients to purchase from them. As you can see from the illustration that follows, certain IP Telephony manufacturers cannot legitimately use this claim.

There are plenty of worthwhile VoIP applications that can be achieved with Converged and IP-Enabled systems. These include networking multiple sites, connecting remote users, connecting mobile users, using centralized voice mail, and connecting to VoIP service providers for long distance savings. All of which may be done on a Converged or IP-Enabled switch which utilizes a traditional TDM platform with digital stations at its core and IP endpoints and networking as an adjunct.

In this emerging market the buyer is in the perfect situation. You can get the rock-solid, feature rich capabilities of the IP-Enabled/Converged switch and the creative and innovative IP-Based solutions. This is truly the best of both worlds!

We have lost a few clients to the IP only switches ...and knowing the pitfalls, decided to learn the reasons why... We learned and heard many reasons:

- the decision was not ours (the employees) it was made by IT or upper management.
- we wanted to get new data infrastructure .. and this cost justified it (just not the phone system)
- we thought we were making the right move
- we did NOT know it had all these shortcomings, its NOT user friendly, it does NOT have the features we use, it cannot transfer calls easily, our customers our complaining of getting stuck in voicemail jail... etc.
- what would it cost to get out of it?