

Blogs - Matt Brunk

Hosted VoIP vs IP-PBX Mini Series-3

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Some hardware manufacturers argue that the Centrex model is a bad fit for distributed IP networks. There is no easy answer, but you can find all sorts of arguments about this from hosted VoIP providers and manufacturers of telephony gear. There are also misconceptions and misapplied marketing efforts from all sides, making it a field day for consultants and customers. We end up spending more time focusing on unraveling confusion than making decisions.



Centrex in the former, or evolving, scenario may not be for everyone but it does remain a viable alternative in the mix of telephony. While hosted providers argue that they maintain "carrier class" facilities, so do Centrex or telcos. Carrier-class facilities aren't required to maintain an IP-PBX (or any other telephony solution) on a customer's premise, but all customer sites do require

INFRASTRUCTURE.

So both the user and provider, regardless of the solution, must maintain infrastructure for any telephony or converged solution. Infrastructure accounts for a significant investment by either party. Additionally, the telephones for any solution account for approximately 35% of the total investment.

What most vendors won't talk about is portability. For customers that move out of the hosted providers' reach, can they reuse their telephones? Will the telephones have 100% interoperability with a new hosted provider? The same argument about telephones applies to Centrex, IP-PBXs, TDM systems and all other hardware solutions. It's a complicated issue and no one can guarantee 100% protection of your investment in the telephones while giving you the right to exercise new options for Centrex, a hosted solution, P2P, IP-PBX or any other system that they see fit for you. **Citel** broke ground on this several years ago with the 3Com Nortel Norstar telephone gateway card. Using the Citel blade for Norstar telephones gave customers an IP-PBX with integrated voice mail, automated attendant, call accounting, CTI and some advanced features at rock-bottom prices. (Remember that "a sale is better than no sale.")

Having met the needs of a customer who needed to cut spending in order to move to an expanded facility, my firm came up with a simple, inexpensive solution by using the Citel and **3Com** mix of using **Nortel** Norstar telephones. That was in 2002, and as this customer moves again into an even larger building than before, their initial investment in telephones will be preserved: we will move them into a Norstar system and out of an IP-PBX hybrid, since this new move makes more economic sense.

In addition to portability, there are other concerns: location and mileage. While T1s and PRIs remain popular (and are arguably on their way out), they are cost sensitive to mileage and subject to availability, depending on your proximity to the hosted solution providers' network. How much bandwidth will be required for the hosted solution to effectively meet ALL the needs of the customer for voice and data today, and during times of seasonal influx and change of traffic patterns? How quickly can changes be implemented? When the connection to the host is lost, what happens next? Would it make sense to deliver voice and data (internet) to a customer with 100 sites that have just two or three phones per site?

It may indeed -- **it all depends**. Even in this situation, these 100 sites require an investment in infrastructure. A hosted VoIP solution that can deliver both, while securing Internet and company data, would make sense since the investment in the infrastructure could be minimal. Customers must assess the risk level for each alternative. In spite of what you argue, want, or hope for, there is no single best answer or solution; it's what's best for each customer at that given time.

Another place where Centrex, digital Centrex, IP-Centrex and even hosted IP work well are campus-like environments. Campus-like environments require significant investment in infrastructure and it can become complicated. Is there a right-of-way to interconnect all, or most of, the locations within the campus environment? What are the costs and payback periods? Apply the true costs of ownership and the costs to maintain the infrastructure, including upgrades.

Note that a "campus" doesn't always mean education -- there are many types of campus environments. These same environments may use several solutions, and how effective they are and how well the solutions provide the corporate "communications glue" really determines their life cycles. IP-PBXs fit nicely in same environments for the same reasons already mentioned, but may or may not be as effective.

Getting beyond the customer's personality and getting into the customer's ability and desire to support a system is another challenge. How much of a phone or IT company do they want to be, and can they be, effectively? How much do they want to focus on their core business in addition to managing their telephony and IT systems? How much control will the customer want to exercise over what it

delivers to its end users and not rely upon Centrex, hosted solutions, IP -PBXs or other telephony-wares? Then, how will the customer "integrate" their business applications into the solution and what will it cost? Once again, there are no easy answers.

These are just a few more measures of right-fitting and selling a telephony solution to a company at the right time. The shotgun approach won't work. Hosted VoIP providers and IP-PBX manufacturers must clearly explain the pros and cons of their solutions to customers -- and that requires a significant time investment for each customer.

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