



vadacom

Enabling new ways to communicate

Reducing Telecommunications Cots

- Where do you start?

Market Overview

*"Competition is the keen cutting edge of business, always shaving away at costs."
-- Henry Ford*

When Telecom was privatized in late 80s the phone copper network ended up in one set of hands. Telecom's monopoly position kept our costs relatively high and held innovation back. Almost two decades later successive governments started introducing measures to increase competition. Labor regulated the market forcing Telecom to split into three businesses. National are funding new fiber optic network.

The measures are working, which is why you are seeing more competition. This spells lower costs and exciting new products and services.

Six years ago you could only buy a phone line from either Telecom or, in some areas, from TelstraClear. Today there are more than 20 providers who can sell you a phone line in New Zealand.

Telecom, TelstraClear and Vodafone are what I call first-tier telecommunication companies. The second-tier telecommunication companies are local internet service providers, now delivering phone services, such as CallPlus, Orcon, WorldXchange and Compass Communications. There are also many third-tier, smaller providers like 2Talk in the market today.

The competition is high, and the costs are truly reducing. How can you take advantage of this?

Phone Lines

*"Why go through all the hassle of dealing with airlines, hotels, and rental-car agencies yourself, only to see the arrangements get all screwed up, when with just a single phone call you can have a trained professional screw them up for you?"
-- Dave Barry*

In business one of the larger figures on the P&L statement often is telecommunications. Your aim is to keep that figure very low, while being able to be productive.

To understand how to keep the costs low, you need to first know the different types of telephone lines that are available.

The Plain, Old Telephone Service line (*POTS line*) is the type of line most people use at home. This line is delivered to you via an analogue copper wire which is still owned by Telecom. It lacks essential services that business requires. One is multiple phone numbers associated with one phone line. Multiple phone numbers per line enable businesses to have a direct dial-in number (*DDI number*) so a call can reach the right person. This makes POTS the most expensive service on the market.

The digital lines that were created for businesses also utilize copper wires. They use a standard called ISDN. ISDN allows more than one call through single copper wire. There are two options – basic rate service, allowing two calls per line (*basic rate ISDN*) and primary rate service allowing up to 30 calls per line (*primary rate ISDN*). This service is also mostly available from Telecom, and is as expensive as POTS lines, except it does have all the business services.

The new competition to the old Telecom services (described above) comes through the digital lines that utilize data connections that are also capable of delivering the Internet service to you.

What are SIP Trunks?

*"The march of science and technology does not imply growing intellectual complexity in the lives of most people. It often means the opposite."
-- Thomas Sowell*

SIP trunks are a term you will be hearing more and more. Session Initiation Protocol (*SIP*) was created to enable voice connection to be established over a computer network. It

has now been established as the industry standard for delivering phone lines. The phone line that is delivered to you via a data connection using that protocol is called a SIP Trunk.

SIP trunks are offered by the new phone companies to deliver outstanding savings. When you get a SIP trunk, the supplier doesn't need to pay Telecom for the service. The data links are available wherever Internet is available and can be delivered over a vast variety of physical links – copper, fiber optic cables, wireless....

Variety and choice breeds competition in the market, creating price wars, enabling you to negotiate the best deal for your business.

Cutting Costs

*"In business, the competition will bite you if you keep running; if you stand still, they will swallow you."
-- William S. Knudsen*

If Telecom was the only option, would you be able to cut costs without affecting your business?

With the new competition you are in a better position to negotiate. A modern telecommunications specialist can go through your phone bills and show you the savings. If the last time you negotiated your contract was more than two years ago, chances are, you will be able to save 50%-60% of the costs you are paying now.

Everybody knows that when you are negotiating a contract you can get the best deal. However, what can you do when you are already in a contract?

This is where voice over the internet protocol (*VoIP*) comes in handy! If your telephone system is capable of connection to VoIP providers, you can have more than one supplier of phone calls and use the cheapest route on every call. You cut costs without breaking contracts.

But what about the call quality?

What about VoIP?

*"If you're not making mistakes, you're not taking risks, and that means you're not going anywhere. The key is to make mistakes faster than the competition, so you have more changes to learn and win."
-- John W. Holt, Jr.*

The call quality issues of bad VoIP implementations has given VoIP a bad name. However, it is widely accepted in the industry, VoIP is the future of all phone calls. VoIP has been around for many years and the industry had plenty of time to learn from its mistakes. A modern VoIP system can deliver the same, in some instances better, call quality as the traditional telephony.

There are many ways to implement VoIP systems and many types of VoIP phone lines available on the market.

SIP Trunks are a type of VoIP. The second-tier telecommunication competencies delivering a SIP Trunk to you provide you with both the data link and voice link. Effectively they are selling you a phone line in competition with Telecom. The quality of that line is equivalent to the quality of the business digital (ISDN) line, and is better than a POTS line.

Third-tier telecommunication companies often don't own network infrastructure and can't control quality. However, they are often the cheapest. Implemented well a combination of good internet connection and third-tier VoIP can save you even more money.

To cut international costs many companies now use Skype. Some phone systems even integrate Skype as a telephone line. This enables millions of people around the globe to reach you for free and vice versa.

Improving productivity

A phone system can't make you a coffee. But it will let you have one, and still be fully productive.

How much time do you spend transferring calls to other people? Can you do it while you are out having coffee? Can you do it when you need to work from home? Do you need to be by a computer to help a customer? How many people do you need in the office to answer all the calls from your customers?

There are infinite possibilities to improve the way you communicate with your customers and suppliers and ensure that each member of your staff is fully productive at all times. I will give you a few examples here.

Direct Dials and Hunt Groups

*"If it's the Psychic Network why do they need a phone number?"
– Robin Williams*

Incoming calls can be handled intelligently by the system if the system knows who the call is for. For example, if the call is for sales, your system can call your sales team. Alternatively, you can detect who is calling and put the call to the appropriate person. This can be done not just for sales, but with every function in the business – operations, finance, administration.

When you group people in your organization by function, the phone system will "hunt" for someone to answer the call. This feature is called a "hunt group". Hunt groups can be used effectively to eliminate the need for transferring calls and save your valuable time.

Many business people prefer to talk to a person rather than a machine. They don't want menus to press one for this, two for that. This is where DDI can be used effectively – you can have a phone number for every business function and every person that needs to answer calls.

A combination of DDIs and hunt groups can save valuable time for both you and the caller.

Mobility

*"Birds have wings; they're free; they can fly where they want when they want. They have the kind of mobility many people envy."
– Roger Tory Peterson*

The world is becoming increasingly mobile. Your desk at work isn't the only place you work from anymore.

Answering calls on your mobile phone is one way to be productive everywhere. However, how much will it cost you to forward calls to your mobile? It depends. If you simply call forward all the calls, you may end up with increased bill. To keep phone bills low you need calls from your office to your mobiles to be free.

There are two ways to achieve that. One way is to have free calling between your company mobiles and your land lines. Telecom, Vodafone and TelstraClear will offer that to some of their customers.

The other way is through a 0-rate-calling plan between your mobiles in combination with what is called a "Cellular Trunk Unit", (CTU). The CTU will make your office phone system into another mobile phone in your group, so the calls between the office and your mobiles are free.

Will hunt group calls follow you? Many phone systems by default are configured not to allow hunt group calls to follow the call forwarded to your mobile. You need to remember to ask your PBX supplier to allow that.

The fear of answering group calls on your mobile, is "what if the call is not for me"? If your phone system allows full mobile extensions, you will be able to transfer those calls.

What about calling from mobile phones? You can make the phones always dial the office first, which is a free call, then ask the phone system to call the destination. This way all your calls are charged at land line rates. This can be automated on most mobile phones and really reduce your mobile bills.

Remote working

High cost of petrol in conjunction with increased amount of traffic jams make working from home an attractive proposition for many people.

From telephony perspective, you need a good broadband connection at home. Modern phone systems will allow for a telephone to be connected remotely. You need a remote IP phone connected to your phone system as you don't want to be only using your mobile phone for the whole day.

With good systems in place you are free to work wherever you choose without it costing you the earth.

Contact Vadamcom

For more information please contact Vadamcom:

Phone (09) 969 0600

Fax (09) 969 0601

Skype: vadamcom_main

www.vadamcom.co.nz