

The business case for migrating to IP telephony

Dan Cole, head of product management at THUS, discussed how businesses should calculate ROI to ensure the viability of migrating to Voice over IP (VoIP)

VoIP is continuing to establish itself as a real alternative to traditional telephony; by migrating to VoIP as part of a wider convergence strategy, businesses can run their voice and data networks concurrently, removing the need to invest in and maintain two separate networks. While it is clear that businesses are increasingly deciding to migrate to the technology, attracted by the numerous benefits promised to impact the bottom line and boost efficiency, it is also important for businesses to be able to quantify those benefits and ensure that they aren't empty promises.

VoIP is an incredibly attractive proposition to a business of any size based on lower communication costs, increased user productivity and easier management with greater scalability. Moreover, businesses will inevitably have to embrace the technology as telecoms operators update their networks from legacy PSTN lines to all-IP next-generation networks (NGNs). The real problem facing businesses in the UK is not whether to commit to VoIP, but rather when to commit. If they get the timing wrong, it may be difficult to achieve a short-term ROI on the initial network outlay if indeed at all.

Businesses need to build a watertight plan for measuring ROI when rolling out a VoIP network, however, research suggests that many are failing to do this. If this is the case, cost savings resulting from the technology are at risk of being overlooked, leaving IT managers unable to justify the investment to their 'C-level' colleagues. For the full benefits of VoIP to be reflected in cost-efficiencies and improved working practices, senior management must include a number of structured elements within their cost/benefit analysis.

It is important that businesses realise from the outset that VoIP does not guarantee cost savings in every instance of deployment and the efficiencies promised by the technology – simplified infrastructure, scalability, reduced operating costs and improved productivity and flexibility – can only be realised once all the potential costs of migrating to VoIP have been considered, not least the initial outlay on hardware and expenditure on ongoing maintenance.

One of the key benefits of VoIP, for example, is that it facilitates mobile telecommunications without the high fees imposed by GSM operators. This could lead to major savings, but only if the costs involved in replacing mobile handsets with VoIP-enabled laptops, or even mobile VoIP handsets, are factored into the calculation.

There are, however, means by which the business case for migrating to VoIP can be made to stack-up. IP telephony is a fast-moving technology with innovations continually being developed. These applications include conferencing over IP and having a unified network for all communications. Projected savings from a wider convergence strategy should be balanced against the short-term costs. Moreover, there are ways of reducing the costs to make the initial expenditure more acceptable, including choosing the right time to switch as well as ensuring the migration and additional applications available meet real business needs.

The timing of deployment should not be underestimated; for example, if a business decides to move its offices to a green-field site, it can 'piggy-back' the costs involved in setting up a VoIP network onto those involved in installing other necessary cables. The green-field scenario provides an excellent example of how the convergence of voice and data networks can bring about instant savings, as only one network needs to be installed, rather than two.

There are other times when the outlay costs for migrating to VoIP can be balanced amongst other budgets, making the case even more viable. For every business, the Local Area Network (LAN) that connects the PCs in the office needs to be upgraded from time to time and the same is true of the Wide Area Network (WAN), used to connect various dispersed offices. The timing of these upgrades usually depends on the shelf life of the machinery used by the business, the changing requirements being made on the network, as well as the need

to maintain a competitive edge through the use of the most modern communication technology. Such upgrades provide the perfect opportunity to install VoIP – the cost justified by the necessary LAN/WAN overhaul and ensures that your VoIP solution becomes part of your communications infrastructure.

Many larger enterprises are already adopting this approach and see VoIP as an integral element of a much wider convergence strategy. From a business and investment perspective, this is the best approach as a converged network infrastructure can deliver more application and communication benefits than VoIP alone. Businesses must always remember that VoIP is not an end in itself, and like any investment must be carefully considered. If this is done, and the timing is right, then IP telephony will prove itself both in terms of productivity and value.