

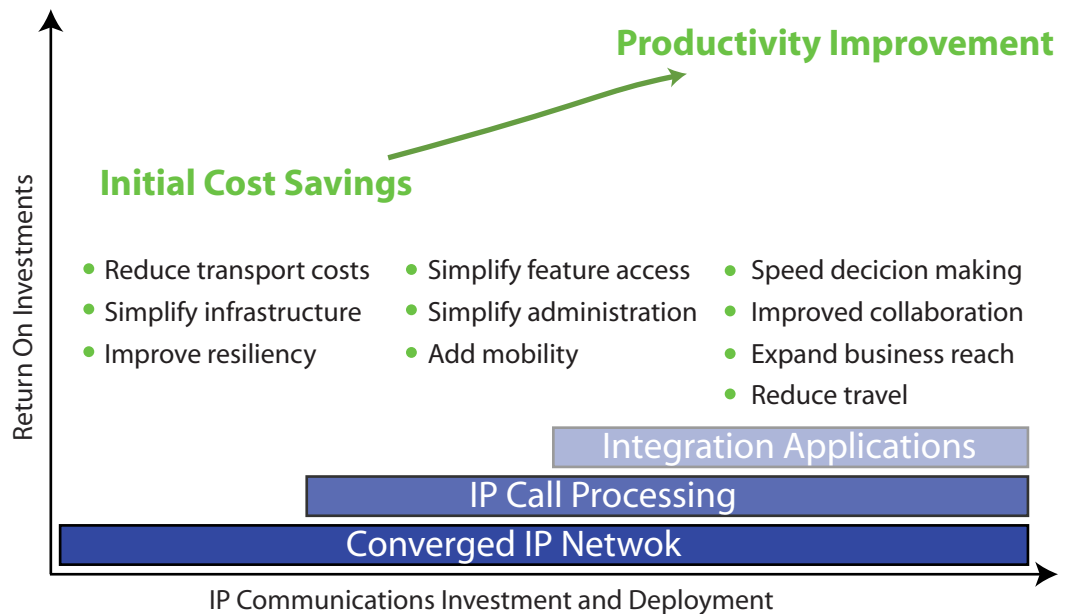
The Case for IP Communications

“Businesses in which PCs are not prevalent for each worker such as manufacturing healthcare or retail would benefit from an intelligent phone. An intelligent phone used for database information access as an alternative to a PC is likely to be less costly to own operate and maintain and far easier to interact with.”

Allan Sulkin
President and chief analyst with TEQConsult Group and a 25-year consultant on telecommunications technology.

Today, business executives understand that IP-based solutions operating over a converged voice-and-data network are the best choice to replace aging telephone systems. But because the expense for fully implementing IP Communications (IPC) also impacts the data network, decision makers want assurance that their investment will deliver a rapid and adequate return, with both strategic and financial value.

When voice and data travel over the same network, the need to create and maintain a separate telephone network disappears. “That’s one of the benefits of moving to a converged environment, versus maintaining two separate networks,” says Helen Chan, senior analyst at the Yankee Group research firm. “A huge cost structure is required to maintain two systems.”



- > Installation costs for new systems drop by 40% to 60% because a company only needs to purchase and install one infrastructure instead of two.
- > A Yankee Group study showed that VoIP systems were about 22% less expensive to operate than circuit-switched networks.
- > Costs associated with employee moves, adds, and changes are virtually eliminated because the tasks can be handled in-house simply by moving an IP phone into a different network jack.

ROI Factors to Consider:

1. *Reduced hardware, software & maintenance costs.*
2. *Reduced network management costs.*
3. *Improved line usage.*
4. *Increased productivity for users and IT staff.*

IP TELEPHONY SOLUTION CUSTOMERS AVERAGE FINANCIAL RETURNS

Vertical	Avg. ROI Period (Yrs.)	ROI		NPV	Break-even (yr)		Number of Phones	
		Avg. (%)	Avg. (%)		Avg. (\$)	Avg. % Immediate	Avg.	Net/Ph/Yr
Education	4.8	41	55	\$310,021	2.2	24%	283	\$456
Financial Services	4.8	136	99	\$288,071	1.8	28%	273	\$357
Government	4.7	85	77	\$342,339	1.8	41%	400	\$155
Medical	4.8	52	178	\$396,333	2.0	41%	371	\$232
Professional Services	4.9	117	131	\$222,703	1.5	35%	275	\$546
Retail/CPG Manufacturing	4.8	118	129	\$324,189	1.8	31%	263	\$255
Technology	4.7	148	173	\$275,619	1.7	31%	310	\$227
Other Vertical Market Selected	4.6	65	84	\$302,730	1.9	21%	342	\$234
Vertical Market Not Selected	4.6	140	93	\$271,403	1.7	28%	485	\$143
Grand Avg.	4.7	100%	113%	\$303,712	1.8	31%	334	\$290

The productivity benefit that comes from a system in which e-mail, voice mail, fax, and telephone services are merged using a single communications infrastructure, is a powerful selling point for many companies.

- > IP Communications resulted in less employee “phone tag” for 50% of organizations surveyed by Sage Research.
- > The increased productivity added up to 3.9 hours per week per employee, or 25 days per employee per year.

For others, the savings may simply come from having reduced hardware requirements and operating expenses.

And in today’s dynamic business environment, perhaps the most important benefit comes from having a phone system that can change and grow on a moment’s notice.

- > Average time to payback is less than two years. 31 percent of customers report that payback could be achieved immediately upon IPC implementation.
- > Although the ROI percentage varied substantially by industry, all scenarios saw a positive return within the analysis period, which averaged less than five years.
- > The average number of phones may appear small because of the sample set chosen for the analysis. However, the ongoing savings that can be gained per phone, per year points to the value that IPC solutions can bring to whole-enterprise or single-site deployments of various sizes.

If you are in the market for a new telephone system, or if you simply want your business to be more competitive and more productive, consider Instant Networks’ VoIP solutions today. Our Trusted Advisors can help you identify the strategic and financial factors in choosing the right networking solution for your needs.