

Covad ClearEdge Pro: Making the Case for Hosted SMB IP Telephony

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Introduction

Running a small or medium-sized business (SMB) has never been more challenging. As owner and/or operator you manage a myriad of issues requiring constant attention. Your business is growing, and it needs to operate from multiple locations. Competition is increasing, and your customers demand more. They need you to be flexible, adaptive, and responsive.

You need to get the most out of your people, and they need more tools to be effective. Many of your employees are either always on the go, or working from home. You need to manage costs to ensure profitable growth. Your business needs to be professional and look professional. You need today's technology to work for you, not against you. Think this is just about running your business? Think again. What does this have to do with your telephone system? Everything. Read on.

This white paper has been prepared to help small and medium-sized businesses (SMBs) understand how important communications is to their success, and what Internet protocol (IP) telephony has to offer. More specifically, for businesses operating in the range of 10 to 250 phone lines, the focus is on showing how hosted IP-based telecom solutions can help drive this success. Existing telecom systems may be adequate for day-to-day purposes, but this paper addresses their limitations in terms of meeting your future needs and growth requirements.

TODAY'S TELEPHONY SOLUTIONS FOR SMBs

Most SMBs have a premises-based switched system for their phone system—either a key telecom system (KTS) or private branch exchange (PBX). Both involve considerable capital expense and are typically long-term investments. These systems provide reliable telephony service but little else, and they are not very adaptive to changing needs.

Larger SMBs may even have multiple systems from multiple vendors, which is not an optimal growth strategy. Larger businesses may also be dealing with multiple service providers, with a mixture of service plans, features, and service level agreements (SLAs). SMBs have varying degrees of computer-telephony integration (CTI), but this capability is largely time division multiplexing (TDM) based and not built around the feature-rich offering of IP.

Also, many SMBs have multiple sites or branch offices, and will add more as they grow. These locations can be serviced by a KTS or PBX, but not economically. In short, premises-based telephone systems work very well for their designed purpose and are built to last. Given the capital expense involved, there is little incentive—at face value—to consider alternatives. Because of this, the motivation for change is usually event-driven:

- The KTS or PBX has reached end of life, is fully amortized, and at-capacity
- A move to a new office or location
- Expansion of the existing office
- The opening of a new branch or satellite office
- A merger with another company, and the need to integrate systems

These are the ideal times for SMBs to be thinking strategically about telephony and how it can make the business more competitive and employees more productive. This can also be true, however, for SMBs not facing these change-inducing events. An SMB could be experiencing a variety of pain points that make looking for a better approach to telephony attractive. This becomes even more compelling when SMBs look beyond telecom to consider their overall communications needs, as well as their options to leverage leading-edge technology for a competitive advantage.

Table 1 below summarizes key pain points that give SMBs cause to consider alternatives to their existing telecom systems.

Table 1. Key Pain Points Facing SMBs for Their Telephony Systems

KEY PAIN POINTS	IMPLICATIONS FOR SMBs
Limited features	As mobility and IP become more common, the TDM feature set becomes less able to meet communications needs
Sunk costs for existing telephony system	Capital cost for a legacy system creates a disincentive for considering changes before end-of-life
Multiple systems add complexity	The larger the operation, the more the likelihood of multiple vendors, service providers, network configurations, SLAs, price plans, maintenance plans, etc.
Dealing with multiple carriers and vendors	Involves time-consuming and costly administration, with little benefit in terms of bundled services
Telecom costs difficult to track	Cost control becomes even more difficult with multiple service plans, especially in branch offices
Employees not always accessible when needed	TDM systems lack endpoint intelligence, resulting in too many missed calls, voicemails, phone tag, etc.
Carriers and vendors not able to address changing needs	TDM systems are not very adaptive to change, and legacy carriers are not equipped to serve SMBs seeking IP-based solutions

These pain points could apply to an SMB at any stage of their telecom life cycle. Strategically, these issues have more to do with keeping the business competitive and making employees more productive than the overall state of the phone system. In short, SMBs need to simplify their communications environment, and they need more flexibility than legacy systems are able to deliver. In addition to having an overly complex situation, SMBs are faced with systems that lack the features that allow them to take advantage of what IP has to offer.

Although minor causes of concern today, and most SMBs can function perfectly well without addressing these pain points. However, there is little doubt that these issues will only become more problematic over time, and will in fact compound each other to the point that they become a drag on business performance. At that point, the SMB is forced into a reactive mode, which is not a good place to be.

Forward-thinking businesses would see this differently and look for solutions today that will keep them ahead of their competition—rather than falling behind, or even worse, waiting too long and having these problems be the cause of lost business.

HOSTED IP TELEPHONY—THE SOLUTION TO SMB TELEPHONE CHALLENGES

IP-based telephony can deliver on the challenges outlined in Table 1, especially when provided on a hosted basis. Legacy solutions perform their intended task—reliable phone service—very well, but offer little else and are expensive to own, maintain, and operate. Today's SMBs need the opposite—rich features that make people more productive, and a solution that is not expensive and yet is easy to manage. This is precisely what hosted IP telephony is designed to do, and in many ways, is the ideal solution for SMBs.

As SMBs become more aware and knowledgeable about IP telephony, it becomes easier to see the appeal as well as the benefits. Those pain points suddenly become manageable, but only if IP telephony is easy to use. SMBs are used to having a premises-based telephony system that is familiar, reliable and intuitive. IP is still new, and SMBs typically lack the technical resources and know-how to make it work without missing a beat. This is where the hosted model comes in.

Hosted IP telephony is a network-based solution as opposed to being premises-based. The provider of the service manages the network and the endpoints, leaving the customer free to focus its resources more fully on running the business. IP technology is new, but it has matured to the point where customers can get business-class reliability, with more flexibility and a lower cost than with TDM. With a hosted service, SMBs may be handing off control of their telephony hardware, but in return they are getting a more dynamic, cost-effective solution. The basic benefits can be very compelling, especially for SMBs wanting to keep their competitive edge.

To revisit the opening points of this paper, SMBs face an endless variety of challenges to compete effectively. IP technology helps address this on two levels; first by providing a more cost-effective solution for communications, and second by providing tools and applications that make employees more productive—not just doing familiar things more efficiently, but also enabling new capabilities that could not be supported by TDM. In that context, our view is that hosted IP solutions offer the best model for SMBs to adopt VoIP, mainly because it delivers the most benefit with the least risk.

COVAD COMMUNICATIONS—THE COVAD CLEAREGE PRO HOSTED SOLUTION

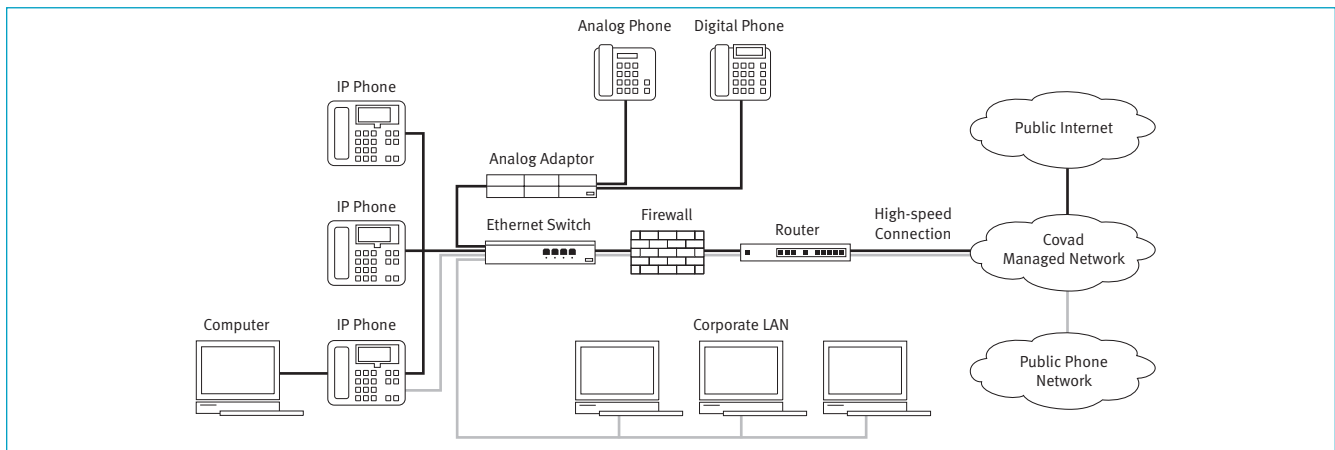
Covad has been providing market-leading VoIP solutions to SMBs since 2004, and the Covad ClearEdge Pro hosted solution is designed to deliver on these benefits in a way the SMBs can understand right away. These are summarized in Table 2 below.

Table 2. Key Benefits of Covad ClearEdge Pro (Hosted VoIP)

KEY BENEFITS	IMPACT ON BUSINESS OPERATIONS
Minimizes the capital cost investment to adopt VoIP	Investment in Covad ClearEdge Pro is less than either replacing existing premises-based systems or upgrading them
Efficiencies of voice and data on a single network	Simplifies network requirements and reduces operational costs by consolidating communications over a single connection
Improved cost control	Convenience of having all services and billing from a single provider, including broadband access and Web hosting
Ease of operations	No need to be concerned with network management or system upgrades
End users are in control	Employees can administer and self-manage their services
End users are more productive	Employees can customize their environment to ensure they are available when needed and are able to work from any location with a broadband connection
Improved communications capabilities	Covad ClearEdge Pro provides feature parity with premises-based telephone systems, plus advanced features such as click-to-call and “Find Me/Follow Me” intelligent call forwarding using one phone number
Flexibility and scalability	System changes can be made on the fly, and the user base can be scaled up or down as staffing needs require.
Reduced telecom costs	Free LAN-based calls regardless of location, lower long-distance costs and reduced need for trunking
Business-class reliability and quality	Covad operates one of the most advanced IP networks in the industry and provides industry leading SLAs as well as QoS based on its voice-optimized access (VOA) architecture
Communications continuity under adverse conditions	Intelligence is in the network, so calls are not lost in the event of a power outage or disaster—employees can continue communicating with peers, customers and vendors, without interruption from any broadband connection
End-user experience is simple and intuitive	No behavior change is needed from employees to make/take regular calls, and Covad provides online and live help resources as well as demos for the newer IP-based features
24x7x365 support	SMBs always have the support they need to get the most from their VoIP service
Integration of voice, data and email on a Web-based interface	The Covad Dashboard portal provides a unified communications platform to enable a variety of rich features that will drive productivity for all employees

To better understand how hosted IP operates, Figure 1 below illustrates the Covad ClearEdge Pro solution. Note how little the existing telephony setup changes. Employees who continue to use their existing phones—either analog or digital—need only add an analog telephony adapter (ATA) to interface with the IP network. Other employees may simply convert to an IP phone, which connects directly to the switch. Also note how both the voice lines and data lines from the LAN converge into the switch. As mentioned earlier, this allows SMBs to simplify their networks and gain the benefit of richer IP-based communications. Finally, once the traffic exits the SMB's network, it passes through a router on to Covad's managed network, which ensures QoS, and avoids the "best efforts" quality that comes with other VoIP services routed over the public Internet.

Figure 1. Key Network Elements for Covad ClearEdge Pro



Our view is that Covad ClearEdge Pro delivers a solid value proposition for SMBs. The hosted model addresses many of the pain points facing SMBs, regardless of the state of their existing telephony infrastructure. It is still early days for VoIP, but for businesses that understand the strategic value of IP telephony, a hosted solution offers a multitude of advantages over TDM systems.

To better illustrate this, further consider the Covad Dashboard portal. This is where the convergence of voice and data over a single network delivers real value, and brings new capabilities to SMBs. The following are some choice examples of how the Covad Dashboard drives employee productivity in ways that legacy telephone systems simply cannot.

- Unified messaging—one in-box to manage all forms of communications—voicemail (landline and mobile), email and fax
- Monitor communications in real time from the Covad Dashboard Web portal—from anywhere, employees can view missed calls, choose to answer incoming call or route them to voicemail on the fly, and connect multiple callers with a mouse click
- Outlook integration—enables time-savers such as click-to-call, and quick access to directories, call logs, contact databases, etc., through the Outlook toolbar
- Visual voicemail—select which voicemails to listen to first online, store others for later review, and forward other voicemails as you would an email to those who need to get the message

- Find Me/Follow Me—allows employees to be effectively reached with just one number, and users can customize their routing preferences on demand
- Instant conferencing—employees can initiate conference calls or Web conferencing without an external service or making advance reservations
- Instant messaging—secure tool to enable instant communication within your LAN environment
- Administration portal—makes it easy for administrators to manage company-wide settings such as hunt groups and auto-attendant, and provision any moves, adds and changes

Think about what this means to running your day-to-day business. Covad ClearEdge Pro delivers much more than just VoIP. These capabilities provide not just cost reduction, but cost certainty. Free on-net calling, and a flat rate monthly fee for all your connectivity—voice, Internet, email and Web hosting. Fewer missed calls and improved responsiveness to inquiries. What is that worth in terms of new sales opportunities? Better ways to facilitate teamwork and sharing, especially as remote workers and mobility become the norm. And peace of mind for network management.

Covad VOA technology provides business-class uptime and ensures QoS by prioritizing voice traffic over data. Furthermore, Covad backs this up with 7x24x365 support and a Service Guarantee. Our view is that this is simply a better approach to telephony for SMBs, as hosted IP delivers considerably more performance and a stronger value proposition than premises-based solutions.

Every SMB has a unique situation, and for those with a relatively recent investment in a premises-based TDM system, a hosted solution may not be practical or viable. These SMBs, however, can still benefit from VoIP with a trunking solution from Covad. This is a seamless way to IP-enable telephony with existing systems, and can serve as a stepping-stone to a complete IP solution in the form of Covad ClearEdge Pro. With that said, the following case study scenarios illustrate the multi-faceted benefits provided by Covad Pro.

MEDIA SOLUTIONS

First, consider the case of **Media Solutions**, a leading supplier of video cameras and related equipment to professional broadcast technicians. Headquartered in Benicia, California, near San Francisco, with sales offices in North Hollywood, Portland, and Seattle, the video equipment distributor needed better tools to monitor its disparate operations and improve communications. Although the company maintains an extensive eCommerce Web site, 85 percent of its orders come in by phone. Service interruptions by the local telco were not uncommon. And customer calls to any of the offices could go unanswered if staff were out.

Another challenge was monitoring the daily operations of the remote offices. Hatfield relied upon local staff, for example, to accurately prepare sales call logs and mail them to headquarters on a regular basis.

“I don’t think we’ve had any downtime in over a year. If we didn’t have Covad, I feel like we’d have a blindfold on. Covad ClearEdge Pro voice services definitely makes us more productive. I don’t think we could operate without it.”

—Josh Hatfield, Sales Manager, Media Solutions

Although separated by hundreds of miles, Covad’s ClearEdge Pro voice services has brought Media Solutions’ four locations together into a single, virtual site, beginning with consolidated billing. The end result has been greatly improved communications at Media Solutions. All four locations are operating as a single unit, and outages are a thing of the past.

OCEAN ADVANTAGE GROUP

Another aspect of ClearEdge Pro's versatility can be seen in the situation faced by **Ocean Advantage Group**, a company serving the container shipping industry. In the fall of 2005, a hurricane virtually destroyed their Delray Beach, Florida, headquarters. Gone too was the phone system. Duplicating the previous PBX phone system from Toshiba would be costly up front and on an ongoing basis.

Covad's ClearEdge Pro voice service offered a cost-effective, flexible, scalable, easy-to-manage solution. It could also provide economical, high-quality connectivity to Ocean Advantage Group's many remote offices throughout Central and South America and the Caribbean. And it could ensure that employees and customers could reach highly mobile executives wherever they were in the world. Furthermore, the service is fully managed by Covad; there is no costly upfront capital expense to purchase equipment, no need for an onsite PBX, and no ongoing maintenance to worry about.

"Covad's ClearEdge Pro voice service reduced our initial capital investment by 50 percent compared to the other solutions we considered, and we are spending about 60 percent less per month for communications at the corporate office. This service has brought our company and our suppliers closer, and it's brought us closer to our customers. It's been a very productive tool."

—Gregg Ackerman, Vice President of Operations and Technology, Ocean Advantage Group

CONCLUSION

SMBs face an ongoing challenge to manage costs and growth, and need every advantage they can get. Our view is that telephony plays a pivotal role in their success, and IP-based solutions provide the best roadmap for staying competitive. These case studies are but a few examples of how hosted Covad VoIP delivers on this roadmap, and the benefits that SMBs stand to gain as they move to embrace the power of IP. This paper has been focused on making the case for SMBs to adopt the hosted model. For those that choose to do so, our conclusion is that Covad ClearEdge Pro is an ideal solution, not just for addressing today's pain points, but positioning SMBs for future growth and benefit as VoIP continues to evolve.

J Arnold & Associates, an independent telecom consultancy, produced this white paper. The contents herein reflect the conclusions drawn based on general research about SMB telephony trends, Covad's ClearEdge Pro solution, and case studies with Covad customers. For more information please contact us by email: jon@jarnoldassociates.com.