



# Powerful and Affordable

## IP Communications Comes To Small Business

A revolution is under way in business communications today, and the upside for small business is worth celebrating. A full-scale migration from circuit-switched solutions to new packet-based Internet Protocol, or IP, communications solutions is in full swing. The “last mile” bottleneck — where the lack of high-speed, broadband Internet connectivity served to hold back the widespread adoption of exciting, new IP-based communications services and applications — has finally been broken.

The foundation is now in place to support the deployment of new, feature-rich IP telephony products, services, and applications. Today, thanks to the enormous flexibility and cost-effectiveness of IP-based technology, small-business customers are beginning to be offered innovative products and services that give them the kind of communications power that used to be offered only to the big dogs, and at a bargain price to boot.

### Fully Loaded

These new small-business solutions include IP-based, in-house phone systems called IP-PBXs, new flat-rate VoIP (Voice over IP) calling services, and a new breed of IP-based outsourced, or hosted, communications services called hosted IP-PBX and IP Centrex. Hosted service enables businesses to subscribe to next-generation communications services rather than purchase new on-site equipment, thus saving on capital expenditures and ongoing maintenance

and operations. And beyond offering lower costs, hosted services provide customers the kind of new functions and features that are serving to redefine business telephone service as we know it.

One of the pioneers in the broadband DSL market is Covad Communications Inc., based in San Jose, Calif. The company has started to offer new hosted IP-PBX and VoIP services to small businesses with 10 to 200 employees over its fully managed, nationwide broadband network; now it's able to provide service to more than six million businesses in more than 900 cities. Covad's innovative bundles of hosted IP-PBX services include broadband data and voice services, as well as e-mail and Web hosting, at price points small- and medium-sized business owners can readily afford. For example, a flat-rate, unlimited calling package costs from \$34.95 to \$54.95 per user per month (the actual cost depends on the total number of “stations,” or users). Another metered package provides all services at a base fee of \$26 to \$32 per station, depending on call volume.

When voice communication is given priority over data on a network, the quality of service is higher. An example is Covad's Voice Optimized Access, or VOA. “One way to think of Covad VOA is to compare it to a dedicated private lane within a jam-packed highway that protects your conversations from congestion with Internet data,” says Jeff Ahlquist, vice president of product management and development. “With standard ‘economy

Powerful

and Affordable

class' VoIP your calls have absolutely no priority, and your conversation may end up waiting in line with the rest of the Internet data until space is available." This millisecond delay may not affect performance when Web surfing, but can affect a VoIP call by causing sound quality issues like jittering and echoes.

In terms of quality and choice, the small- and medium-sized business market has been somewhat underserved up to now, in part because the technology wasn't there. VoIP changes all that. "In this new hosted, IP-based world, the cost of delivery is much lower, enabling service providers like Covad to provide a true value-based solution that allows small companies to get all the features and functionality that they always wanted, but just were never available to them," says Ahlquist.



The Covad Dashboard: Handles like a Porsche

### Drive It Yourself

With a hosted service such as Covad's vPBX service, businesses can control their communications experience through such features as find me/follow me, one-click call blocking, instant conferencing, instant messaging, and such enhanced features as visual voice mail and collaboration. These features and more can all be operated through an easy-to-use, Web-based interface called the Covad Dashboard, which enables customers to access and control phone functions

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anywhere there's an Internet connection. The Covad Dashboard online management software also provides managers with tools to effortlessly perform adds, moves, or changes, and to automate call tracking for billing or call-center management.

The new technology is a money-saver, as well. Covad customers can slash their monthly communication costs by up to 40%. These savings are realized by combined phone and high-speed Internet services, unlimited or low-cost local and long-distance calling, and free four-digit interoffice calling on the Covad VoIP network.

Most significant, capital expenditures are lower, because the customer doesn't have to invest heavily in on-site telephone hardware. Telecom and IT support costs also plummet, because Covad VoIP customers can perform most administration tasks themselves, including adding, changing, or moving phone numbers, which used to require telephone vendor assistance.

### Keeping Up With The Joneses

Perhaps one of the greatest advantages of using hosted IP-PBX communications services is immunity from obsolescence. Most legacy communications systems lock users into static feature sets and are extremely difficult to upgrade. But by outsourcing, businesses can immediately enjoy the benefits of new, advanced services, as technologies and applications are implemented by their service provider. Says Covad's Ahlquist: "Because it's a hosted service — operated and managed by us — every time a new application comes out, it's then offered to the universe of users over our fully managed network. Our customers never have to worry about being left behind." For small-business owners, that's a revolution whose time has come.

**Covad Communications Inc.**  
<http://www.covad.com/voip>

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