Voice over IP (VoIP)

Voice over Internet protocol (or VoIP) allows you to use your broadband Internet connection for your phone service. Replacing traditional phone lines and plans with VoIP services usually results in lower calling rates, better features, more flexibility and lower management costs. Plus if you're just now approaching the size when you need a phone system, hosted VoIP offerings can save you the initial expense of buying and deploying one.

Why It's On Our Radar

As far as phone communications go, today's VoIP services offer great call quality at low monthly or per-minute rates. Yet this isn't the only reason small businesses are embracing the concept. A good VoIP solution can make you more productive, make you appear a larger company than you are and cut your overhead expenses. Many business VoIP vendors have evolved past providing cheap, feature-rich phone lines to providing "unified communications" services that converge all of your business communications — phone calls, faxes, voicemail, email — into a single inbox and a single phone number for you. A customer calling your office line when you're not there will send your VoIP system looking for you at other numbers you've provided. A voicemail you receive while in meeting will appear in your email inbox for easy follow-up. Incoming faxes are automatically sorted and filed as PDF documents. Geek value of this aside, it's easy to see how VoIP can make your customers happier and your office more productive.

Solution Types

There are three general types of VoIP offerings:

- Consumer-grade VoIP products are business versions of popular services like Vonage or AT&T's former CallVantage. They rely on analog telephone adapters to connect your existing phones to your router and are generally limited to four lines of service. These types of offerings offer unlimited calling at a low monthly rate and are completely transparent to the user, although they rarely offer advanced features and do not optimize transmission for the best quality.
- Hosted VoIP solutions generally use special (SIP-enabled) phones that connect directly to the service provider via the Internet. Good offerings in this category are extremely scalable and offer all the features you could wish for (including the unified communications framework, extension dialing, auto-attendant, etc.). Because the physical telephones contain all the hardware and software required, they can be easily moved within the office or even between locations.
- Premise-based VoIP offerings are used when you have enough users to justify the investment in your own hardware VoIP phone system, or if you want to connect your office applications with your phone system — to use a predictive dialer or an IVR system, for example. Premise-based systems generally require an upfront investment, although prices are quickly coming down.

Vendors to Watch

Consumer-grade VoIP:

- Vonage, Packet8

Hosted VoIP

- Packet8, Velocity Networks

Premise-based systems

- Cisco, Avaya

VOIP DICTIONARY

Quality of Service (QoS): The ability of your network router to determine which traffic is voice traffic and give it transmission priority over everything else for best voice quality.

BYOB: Bring your own bandwidth. Most VoIP vendors will let you use your own Internet connection so long as it conforms to their standards.

BYOD: Bring your own device. Some hosted VoIP providers will let you select and buy your own SIP-enabled telephones so long as they are approved for use with their service.