

The Essential Guide to
**Business Phone
System Pricing**



INTRODUCTION

Most organizations don't upgrade their phone systems on an annual or bi-annual basis. In fact, Alteva Research estimates the average company upgrades phone systems on a 7-10 year cycle. If you're in the early stages of pricing out a phone upgrade for your business, determining ballpark pricing can seem difficult or downright confusing.

If you're overwhelmed by the options available to you, or struggling to understand how factors like features and redundancy contribute to the final price tag, you're far from alone.

Phone System Pricing

Phone system pricing is a relatively complex equation that involves quite a few factors and an in-depth understanding of your company's needs. While the right business voice provider will walk you through everything you need to implement the right solution within your budget, we've compiled an overview of the factors that affect your final price tag.

In this eBook, you'll learn about available phone features and options, whether a small VoIP provider is right for you, and how to select a provider that cuts costs, not corners.



CHAPTER ONE

WHAT ARE FACTORS THAT AFFECT PRICING?

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PRICING VARIABLES

To begin obtaining preliminary quotes on pricing for new phone systems, decision makers should provide a minimum number of qualifying factors to sales representatives. Qualifying your needs for introductory pricing overviews doesn't require extensive business documentation.

However, the following factors play the biggest role in the type of phone service and hardware your company needs, which will allow you to obtain accurate pricing ranges from prospective vendors:



Number of Users

The total number of phone lines your organization requires has one of the biggest impacts on your ultimate pricing. This is the total number of people who need a phone and phone service.

If you have multiple shifts of workers, you may be able to share phones and licenses between employees who work on a different shifts.





Number of Sites

Each physical location your business operates out of counts as a site. Multiple sites will cost more than a single site, because each location will require its own licensing, installation, hardware, and training.

Types of Phones

The variation in phone models can surprise business information technology workers. Costs will vary depending on whether you select a high-end phone brand or a generic option. Your options could include:

Screen Type: Color screens, grayscale screens, and screen-less phones are three common options. Sizes of screens can also range significantly.

Buttons: The number of function buttons on business phones can range from 2-12.

Wireless Options: Certain jobs or environments may require wireless phones that can be physically transported throughout the office or work site.

Audio Definition: You may choose to upgrade standard audio to HD audio.

Phone Size: The size of business phones can vary significantly, from large phones designed for conference rooms, to “standard” sized desk phones, to small, lightweight wireless models.

Phone Features and Functionality

Phone features are closely tied to the types of phones your business requires. Understand if some or all of your phones will need features like 3-way calling, intercom, call waiting, holding, transferring, speed dial or automatic call-back.



Add-On Features

If your business requires additional services beyond local and long-distance calling, this can also play a role in your pricing. Conferencing, mobile connectivity, phones for a call center, interactive voice response (IVR), and integration with technology (such as your customer relationship management software) are typically considered add-on features.



Redundancy



Estimated the layers of redundancy your business will need requires an understanding of how crucial phone connectivity is for your business. Is 5 minutes of downtime intolerable? Communicating the role voice communications plays in your business will help a prospective provider understand how they'll need to build redundancy into your system.

Training

Will your new phone system require extensive internal training or certifications? Would you prefer to allow your vendor to handle on-site or teleconferenced training sessions for staff? Certifications and formal training sessions can contribute to implementation costs, whether you handle them internally or outsource to your vendor.





Maintenance

Your business may have the staff needed to perform maintenance and upgrades on your phone system, or you may choose to outsource these needs to a phone vendor, who will likely create an annual service agreement which includes upgrade and maintenance costs. If you're unsure of whether you'd like to outsource your maintenance, ask your vendor about the cost difference and benefits of this option.

Phone Pricing

The number of features you select can impact the pricing of your phone system. If you select low-end, generic hardware, you can expect to pay approximately \$200 per handset. A name-brand system with extensive features could cost as much as \$1,000 per handset. The types of service you select and whether you opt to host your own VoIP or outsource VoIP will further impact your implementation and maintenance costs.



CHAPTER TWO

How Does VoIP Stack Up?

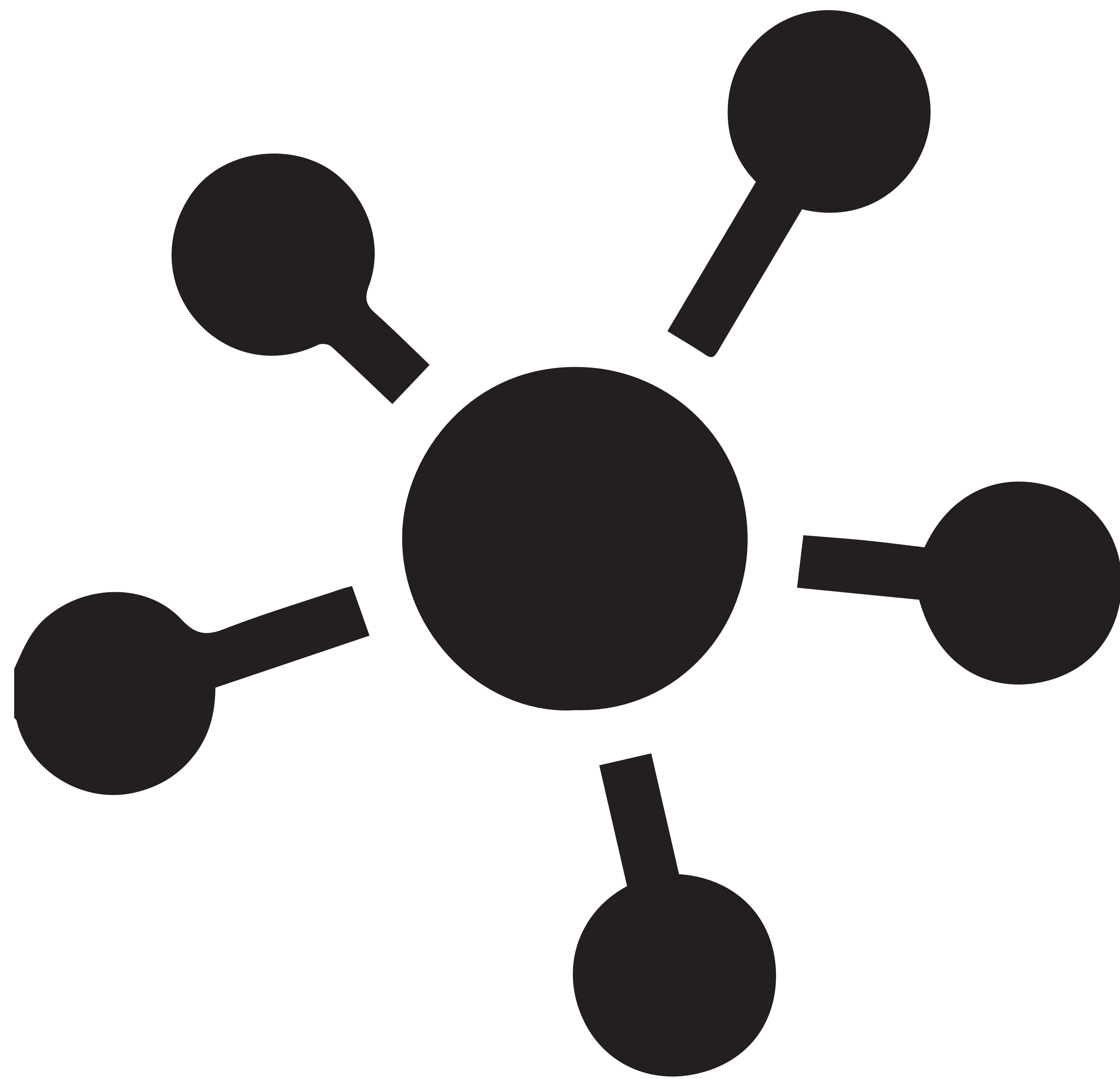
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VoIP vs. Alternatives

While individual business needs can vary significantly at small and medium-sized companies and major enterprises, the costs of VoIP are typically less. One reason why VoIP is often less expensive is because organizations don't need separate types of cabling to accommodate their voice and data (Internet) needs.

Another reason is that a separate circuit and equipment aren't required for voice transmissions. For instance, traditionally, a company would have a T-1 that terminated in a router for data transmission and a PRI that terminated into a PRI card on a phone system. Additional PRIs would require additional cards. Carrying voice and data on the same circuit results in decreased pricing.





If a company opts for a Hosted PBX service, which entails outsourcing the management and hosting of their phone system, they can realize additional cost savings. No hardware that requires management and maintenance is required on site.

With hosted PBX, companies can eliminate the cost of hosting their PBX internally on a server, voice mail system, and any add-on services such as mobility, conferencing, or call-center. Instead, they'll pay a flat rate for implementation and maintenance to their Hosted PBX provider, which will include support, maintenance and upgrades.

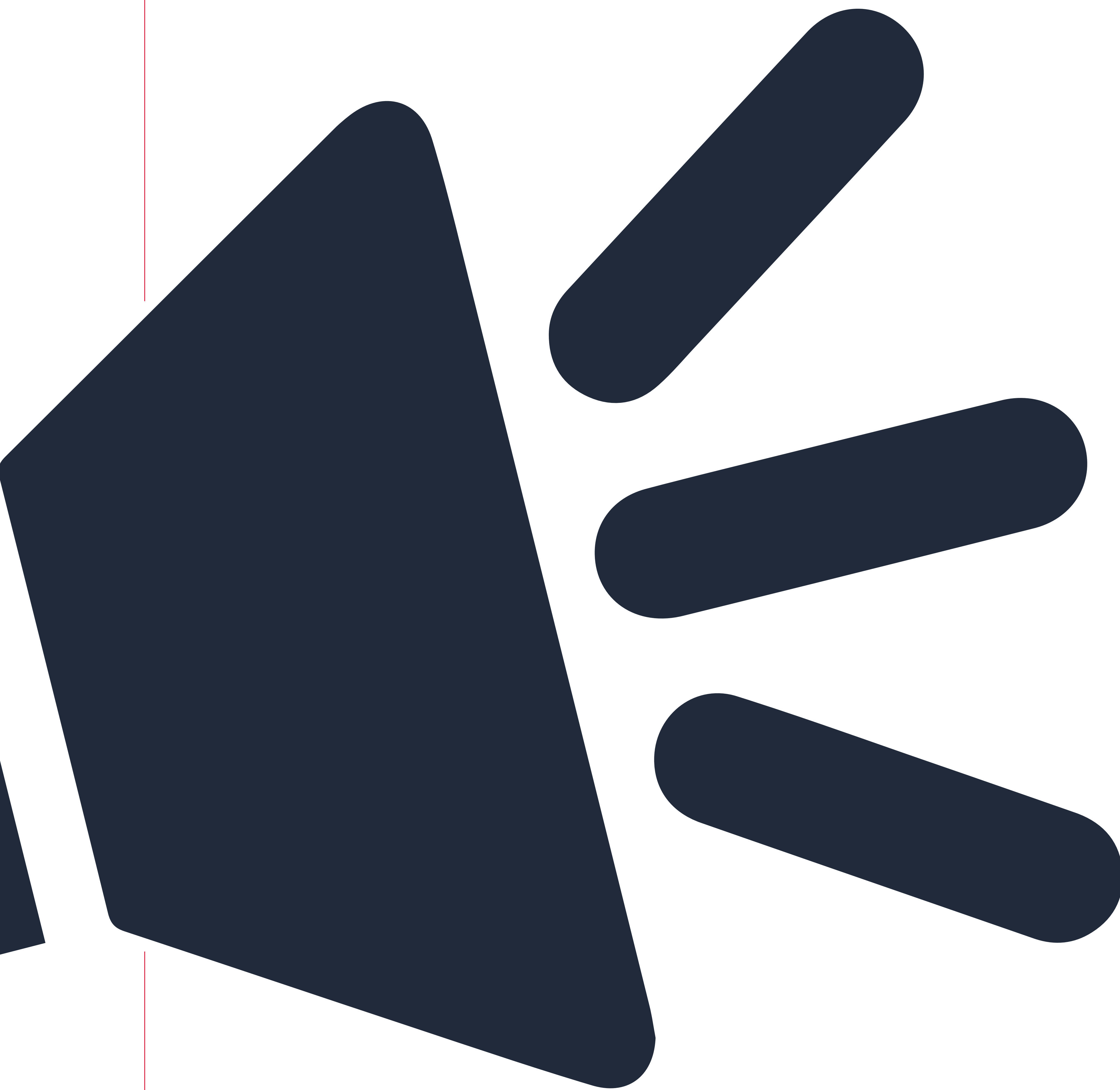
Ultimately, the per-seat cost of implementing a premise-based PBX is \$500-\$1,000 per seat. Phone service is additional. Hosted PBX costs around \$200 for each phone investment, and \$40 per seat each month, including phone service.

CHAPTER THREE

Why Are Phone Systems a Major Investment?

3

Benefits of Quality



For companies that haven't considered implementing or upgrading a phone system previously, there can be a bit of sticker shock associated with the investment. Even if you select hosted VoIP with low or mid-range handsets, the total costs of a new phone system are a significant cost output for companies of any size.

Ultimately, talk is cheap compared to flying or driving to your clients and vendors for in-person meetings. Having quality conferencing or teleconferencing technology on-site will save significantly over having to pay out fuel, meal, and lodging reimbursements to your customer-facing employees.

The Importance of Quality

Additionally, companies can't underestimate the importance of quality phone services to their business. Despite the increased popularity of social media and email for customer service interactions, consumers still prefer phones as a primary channel for customer service. Failing to provide reliable or easy-to-use phone services can significantly impede your company's ability to resolve queries in a timely manner. Click Software research estimates the annual cost of poor customer service in the US at \$83 billion, including customer complaints, loss of reputation, and defection to competitors.

The Cost of Quality

Finally, an on-site phone system is also far cheaper than providing mobile phones to each of your employees who require voice services. The initial hardware investment for an iPhone is around \$500, with an additional \$80 per month needed to cover voice, text, and data. Mobile phones don't allow users the ability to transfer calls to other employees, an automated attendant, automatic call distribution or other important business features.



CHAPTER FOUR

Is Cheaper Always a Good Thing?

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Grading Quality vs. Costs

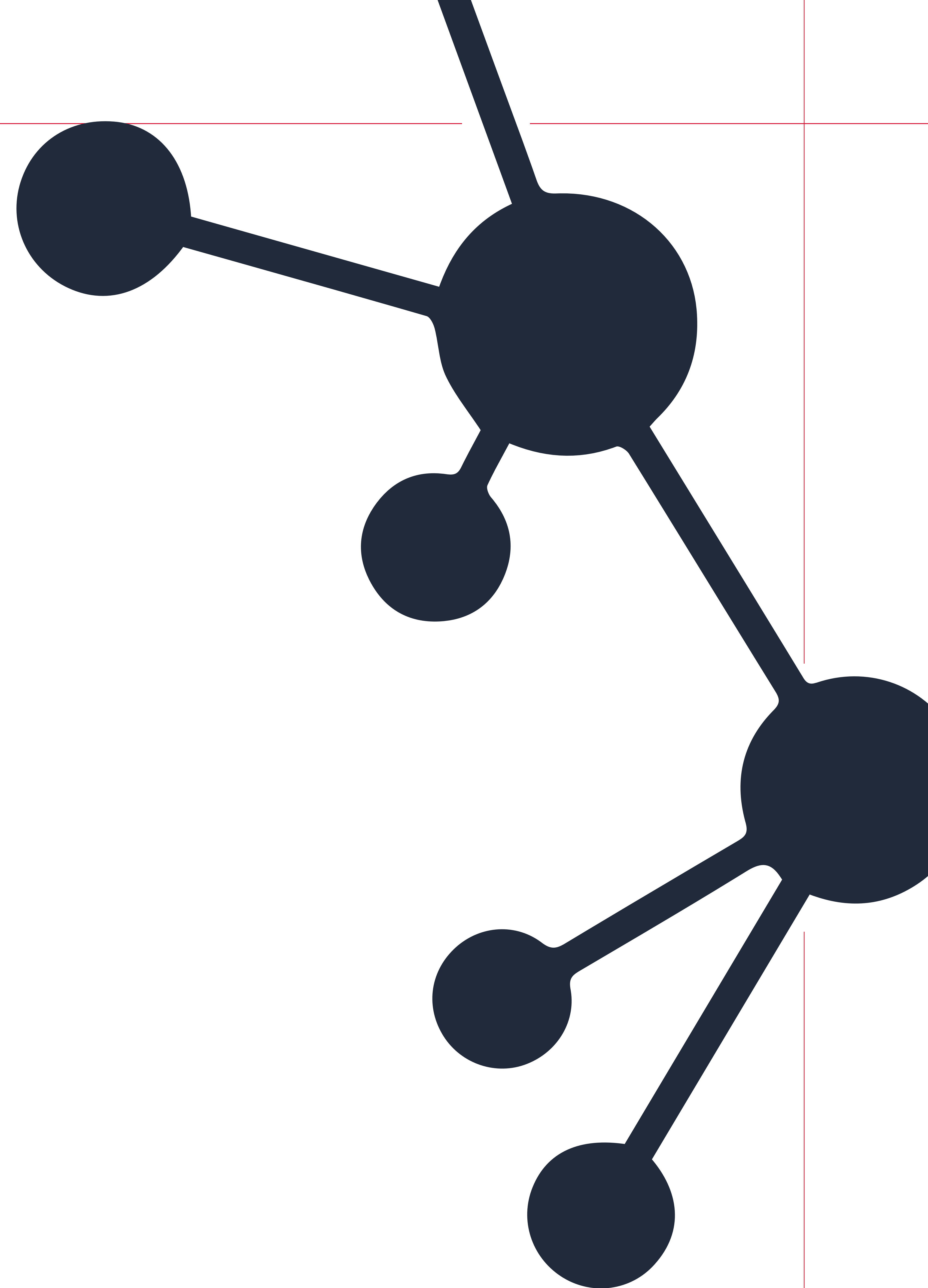
If you're beginning to compile pricing quotes, you may begin to notice that smaller brands often provide better service and pricing offerings than larger companies. Atlantech is no stranger to the question of "why are less expensive compared to national organizations?" Smaller VoIP providers are often significantly lower-priced than major brands. However, the lower price isn't a sign of poor quality or limited customer service.



In Atlantech's case, we're able to save money in a few areas, namely marketing, selectivity, and smart staffing. We don't have a national marketing campaign, and we don't pretend to serve all types of users. We focus on a specific market segment, which is small and medium-sized businesses who need world-class solutions and support. We're not trying to justify a stock price. Perhaps most importantly, our staff and leadership are highly experienced.

At Atlantech, our low pricing is a product of understanding cabling, data center, connectivity, and phone systems very well. Being experts in our industry and market allows us to trim costs in a way that doesn't impact our users, while still offering best-of-class service. The fact we offer a full range of connectivity services allows us to economize our pricing, and offer great deals to customers.

To be clear, there are some small VoIP providers whose low costs are a sign of poor support or quality. Fortunately, your research should reveal pretty quickly if a provider is cutting corners and costs. Asking for additional details on support, uptime, quality guarantees, or if they're willing to provide references can be a pretty clear indicator if their low cost is the sign of smart business operations or cut-rate quality.



Buying the Right System for the Right Price

The right phone system for your business is one that offers sufficient features, support, and functionality to fit your company's unique needs. It's also the phone system that's available at a price you can afford. While phones represent a significant investment for businesses, it's a necessary mode of communication for your customers and vendors. For organizations weighing the pros and cons of hosted VoIP, choosing a small provider can represent significant advantages in agility, flexibility, and cost-savings.



For more information on Atlantech's hosted VoIP, fiber internet, and cloud services for businesses of all sizes, contact us by clicking here or calling (301) 589-3060.

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Before you make a decision on a phone service provider, there are a few things you need to know. It's important to ask the right questions so you can be sure you're getting what you pay for.

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