Channel Choices for IP Telephony

In the third of a series offering channel insight into new technology, Matt Townend examines the choices that channel providers need to consider when looking at hosted IP telephony and trunking.


Matt Townend

Three years ago I was speaking at many conferences where people were stating that Hosted IP telephony (IP Centrex) was going to be the death of the PBX. Well none of those predictions have come true yet, and in the UK I believe there are probably still less than 30,000 seats of hosted IP telephony.

However with announcements from "Mitel" that they are entering the hosted market, and user growth starting to accelerate, I asked a number of the key VoIP providers in the market for their experiences and thoughts on the way the markets are developing.

One of the first questions people often ask is 'Where is the opportunity today? Is it about trunking, traditional and IP PBXs, or is there a real IP Centrex hosted market in the UK?' Most of the providers believe the immediate opportunity is with trunking services, but this has been held up by both the interoperability of PBXs and the cost of gateways. Although most also believed the longer term future and opportunity will be for IP Centrex.

Dave Dadds MD of VanillaIP told me, "Trunking is almost a non starter as the gateway providers have their heads in the clouds with the amount they are trying to charge for gateway devices, and they are stifling the market."

Dave Crombie MD of Voicenet commented "Trunking offers a large opportunity to existing PBX resellers, as they have an installed base to sell into, but I believe longer term hosted service will provide greater opportunities and revenue."

So, although trunking appears to be a short term opportunity you need to examine your proposition carefully to ensure it stacks up: consider the gateway costs and the real interoperability with actual PBXs, gateways, and protocols to ensure they work together in the field effectively.

Richard Bligh, Marketing Director at Gamma Telecom made the point that "SIP doesn't equal SIP and Gamma has done a significant amount of testing with devices to ensure we can offer a robust service. A list of those which work is included in our provisioning portal."

The opportunity for IP Centrex is also certainly growing. If current rumours are to be believed BT is seeing large growth in its traditional TDM Centrex products which reinforces that people are considering hosted solutions. We have also seen some recent significant momentum among IP Centrex providers.

So what is driving and going to drive the adoption of these services?

In my opinion one of the problems with the early growth of this market, has been the service providers and their channels have struggled to articulate an answer to this question clearly.

As usual the answer is cost savings, but the issue is its no longer just about the cost savings from hardware or calls. IP Centrex can offer companies savings in a number of ways however many of these ways our businesses or our sales people have never had to articulate before.

As David Dadds says, "We are selling more than just dial tone."

We asked service providers to identify the key drivers and the majority highlighted a couple of common themes, notably productivity and flexibility.

Most of the early hosted sales have been to SMEs who have not benefited from the advances in telephony solutions that their corporate clients have so can be sold on the cost savings and increased functionality. Also a number of users have no existing infrastructure so are ideal for a converged data and voice solution.

The corporate sales that have been made are being driven by a specific business requirement. The most notable of these so far has been standardisation of complex telephony infrastructures. Where companies have a very mixed telephony environment, driven by recent acquisition or growth. By moving to a solution utilising IP trunking and IP Centrex they can simplify the ongoing management of moves, adds and changes, and significantly reduce the ongoing costs.

In the last month we have seen some other drivers such as application integration between the telephony and other IT applications, and probably one of the biggest for the coming year was the need for flexible working as Viatel's Director of Voice services Alistair Buck explains below:

"Many companies with large mobile workforces often accrue exceptionally large costs. Being able to make voice calls over a virtual private network (VPN) as if you were in the office, and at the same cost, whilst simultaneously accessing the company network for the cost of a domestic DSL connection, will be an important asset for many companies"

So for companies considering entering the hosted market it is clear we are starting to see growth. However you must take time to consider the target market you are going address and your specific proposition. I believe the next wave of growth is going to be from channel organisations who build specific propositions to address large niche markets.

In terms of the next areas of development we will see more and more SLAs offered, as the technology has now stabilised, and a focus on application and mobile integration.

Jos Martens Senior Market Manager for Global Crossing makes the final point, "We will see Integration with more applications, presence, Instant Messengers and integration with mobile in the coming year."

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