



# Mastering VoIP

Three Immediate Ways to Save Money  
on Your Services



1

2

3



Easy as 1, 2, 3...[www.simplicityvoip.net](http://www.simplicityvoip.net)

**T**raditional Telecom providers are losing an average of 700,000 landline customers per month and it is projected that there will be 1 billion VoIP users by the end of 2017. VoIP services offer a wide range of benefits that aren't seen at first glance. This is exactly why 31 percent of all businesses have adopted VoIP systems. Not only are they as reliable as traditional phone services, but VoIP also allows you to consolidate a number of telecom services into one flexible, feature-rich system. VoIP empowers collaboration, makes communication easier, and helps position your business with the type of competitive advantage that can help you become more efficient and profitable.

**Now that you've decided that VoIP is right for your business, the question becomes, "how do I make sure I'm picking the right provider?" Evaluating providers based on key criteria is one of the best ways to immediately save money on your VoIP services. The following are three ways to do just that.**



# 1

## Examine Your Pricing Options

The first approach to immediately save money on your VoIP services may be the most obvious: look at the pricing options that are available to you. Some providers offer a price by “seat” model, while others offer an extension/call path model. The latter eliminates costly seat pricing and utilizes lower priced extensions and call paths to ensure ideal usage ratios. Others still may offer a usage model, meaning you pay for an extension, a lower priced call path and the price per minute of what you actually use. Although you don’t have a set cost each month for your VoIP services, you only spend money on what you use.

For example, a business needing service for 50 users could opt for:

- **Seat pricing:** \$25 per seat - \$1,250/month.
- **Extension/call path pricing:** \$906.70/month
- **Call Usage pricing(projected):** \$1,172.65/month

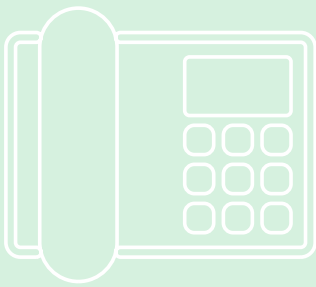
As you consider your options, remember that there is no one size fits all approach to selecting the right provider. There is only the right fit for you and your organization. Larger users will likely find the seat model or the extensions/call paths combo to be a viable, cost effective option because paying by usage would quickly grow overwhelming. Smaller users, on the other hand, could operate well with the usage model as their call/service volumes are typically lower than the bigger corporations.

**“Remember, there is no one size fits all approach to selecting the right provider.”**



# 2

## Consider How Equipment Acquisition is Handled



Another way to save money on your VoIP services relates to the difference between capital expenditures and operational expenditures. Capital expenditures are the upfront costs associated with procuring equipment for yourself, while operational expenditures are the overhead costs of running a product or system over time.

When pondering this situation, you must ask if you should rent equipment or buy it outright? This is one of those questions that only you will be able to answer.

**“Should I rent equipment or buy it outright?”**

The immediate advantage of renting is the lack of a large, upfront cost. You don't have to put forth a great deal of money to purchase the equipment and assets to get your system off the ground. Another advantage has to do with maintenance - if one of your phones breaks or if there is suddenly a new piece of technology that you want to be able to take advantage of, you can do so quickly and for no charge, if it is included in your rental agreement.

The downside of renting is that in the long run, you may end up paying two to three times more than you would to purchase. When considering these alternatives, determine if your business is the type that will need to upgrade equipment every six months or even once a year. If so, the larger, long-term cost of renting may be worth it.

**Capital expense of 50 Polycom VVX 300 Phones:** \$6,460.50  
(at the time of install)

**Operational expense of 50 Polycom VVX 300 Phones:** \$11,340  
(over the 36 month contract)

# 3

## Know Your Fee Structure Inside and Out

It's important to take a look at the actual fees that each VoIP provider charges. This will dramatically affect the amount of money you're paying in both short and long-term situations. Fees aren't something you can escape, but by shopping around, and making an effort to find the most transparent provider, you can go a long way towards minimizing monthly payments where possible.

Some of the most important fees to pay attention to are the Regulatory Recovery Fee, Federal Recovery Charge and the E911 fees. VoIP companies must be compliant with local, state and federal regulations. These governments allow a VoIP provider to set fees as they see fit to recover increased operating costs. This means that depending on the company you're partnering with, this could be a huge expense or it could be more minimal. This is one of the first things that you should be asking about when you have an initial consultation. Since fees and taxes are typically not included in the quote presented, you need to request this information to be provided upfront. This way there are no surprises after you are locked into a contract. Some companies charge \$400 – 800/month in discretionary fees resulting in a significant impact on a business's bottom line, especially a small or not-for-profit business.

It's also important to keep in mind that taxes or fees are sometimes "padded." This means that they're artificially inflated by the provider. The initial service agreements may seem cheap, but if it sounds too good to be true, it probably is. Some companies try to "make up" for initial discounts on the back end by way of these fees, netting them a greater amount over time.

Unfortunately, this kind of padding is hard to prove, as the customer is likely not an expert on what taxes are supposed to be charged for a particular services. This is another one of the reasons why you should ask as many questions as possible when evaluating VoIP providers. When getting a quote, make sure that you fully understand the fee structure and payment expectations. Transparency is a true asset and finding

**"The initial service agreements may seem cheap, but if it sounds too good to be true, it probably is."**

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out as much information as you can will put you in the best position to adequately compare providers when the time comes.

Now that VoIP is a proven technology with an established record of saving money and enhancing productivity and profitability, utilizing VoIP is an impactful business decision. However, it's critical to ask the right questions when choosing your VoIP provider. Additionally, it is important to understand your full range of pricing and equipment acquisition options. As a savvy business professional, it is essential to inquire beyond the basic quote to make sure that there is complete transparency and understanding about the financial commitments being entered into when selecting a VoIP provider.



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