

Introduction

A business phone system is an important tool for helping your business run smoothly. The telephone is one of the most personal ways you can communicate with your customers, vendors, and partners--and it should be the easiest way for them to reach you. Your callers shouldn't have to face incorrectly routed calls, disconnections, or a bewildering array of automated options.

In this age of technology sophisticated customers demand excellent phone service even more than a generation ago. Buying the best phone system for your business will go a long way to improving your bottom line.

As a savvy consumer, you should weigh all the factors when shopping for a business phone system. Your system should have enough capacity to handle your current call volume while allowing room for future growth. Keep in mind the system's compatibility with your existing equipment and features like voicemail, music on hold, and conferencing.

Managing all of those factors while keeping costs down can be a huge challenge, but **BuyerZone** can help. This **Phone Systems Buyer's Guide** will help you understand the types of decisions you need to make, how to choose a business phone system, and how to find a phone system dealer.

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Pricing guidelines

Actual costs for a phone system will vary tremendously depending on the features you choose, the overall size of your project, and the installation and training required. Here are some very rough estimates – we'll go into more detail in **Phone system pricing** on page 6.

Type of System	Notes	Estimated cost
Key systems, hybrids	Most suited to 5 to 50 employees	\$350 to \$1000 per user
PBX systems	Most advanced features, support for larger organizations	\$800 to \$1000 per user
KSU-less systems	Only for offices <10 employees	\$130 to \$225 per telephone

Types of commercial phone systems

Traditional business phone systems are rapidly evolving. "Legacy systems" such as key system units (KSU), and KSU-less phones are considered antiquated and costly to maintain. The more common Private Branch Exchange (PBX) systems have three configurations:

1. Traditional PBX system that's run over a copper wire.
2. PBX Voice over Internet Protocol (VoIP) that is hosted on premise, on your company's server.
3. PBX cloud-based VoIP that is hosted virtually "in the cloud."

Traditional PBX

Traditional PBX systems use dedicated telephone hardware and switches to handle and route calls. They provide professional grade functionality and can accommodate companies of any size. Although they used to be stored in large telecom cabinets, today a powerful PBX for a small company can sit unobtrusively on a desk. PBX systems are totally programmable, and support even the most complex implementations.

Key systems and KSU-less systems

At one time, key system units and KSU-less systems offered an entry-level business telephone setup for small companies on a tight budget. However, other low-cost alternatives have evolved that provide greater functionality while allowing for easier expansion thereby making these older systems virtually obsolete.

VoIP Phone Systems

Voice over the Internet Protocol (VoIP) technology allows you to place and receive phone calls using your broadband Internet connection and special IP enabled telephones. It's capable of many tasks, including sending voicemails to email, listen to calls through the computer, and transcribing voicemails electronically.

VoIP systems can provide significant cost savings and benefits for the following businesses:

- Medical/dental offices
- Insurance agencies
- Law offices
- Professional services

VoIP is gradually becoming the standard telecom offering because it offers many conveniences, such as integration with computer systems. It syncs with accounting and CRM (customer relation management) platforms. VoIP allows for more functionality and mobility, especially when used with smartphone apps. For example, an employee can use his or her cell phone to place a work-related call and caller ID will show your company's number.

There are two varieties of VoIP business phone systems, on-premise and cloud-based hosting.

For on-premise hosting, a piece of hardware called an IP PBX is installed at your office and functions similar to a traditional PBX system. For companies with over 200 employees, an on-premise VoIP PBX is a good choice. It gives you ultimate control. Once you buy your server, you don't need to pay a monthly subscription. A full-time IT specialist can maintain the company's VoIP PBX.

Cloud-based hosting for PBX VoIP offers multiple benefits for small and mid-size businesses. When you "move into the cloud" you don't need to purchase hardware and up-front infrastructure besides the phones themselves. This is an attractive alternative for businesses lacking in capital. Other positives include:

- Manageable monthly subscription fee
- No maintenance costs
- Regular updates
- Automatic upgrades
- No in-house expertise necessary
- 24/7 customer support
- Facilitates mobile offices - the phone number looks like it's coming from the place of business.
- International accessibility - plug your phone in anywhere there's an Internet connection.
- Automatic backup and failover. Chances are you'll never notice if your host is having technical issues or a single server goes down.

Sizing an office phone system

Your phone system is perhaps your most important business communication tool. A primary concern is finding a system that's the right size for your firm. Knowing your requirements in advance and understanding the size constraints of a system will help you negotiate with vendors. There are two main factors that will determine the size of the system you need:

- **Number of Employees.** This correlates to the number of lines you need. Lines (also called trunks) indicate the total number of outside phone lines used by the company.
- **Number of Phones.** Also referred to as extensions, these are needed for every device (phone, fax machine, credit card terminal, etc.) within the company that connects to the phone system.

Even if an office phone system can handle your current phone traffic, you should be sure that it can also handle your future needs

Even if an office phone system can handle your current phone traffic, make sure it can also accommodate future growth. The ideal system will expand in a cost-effective manner. With VoIP PBX, for example, the scale is unlimited. Simply request another extension and plug in the phone. Pricing is done per extension (phone.)

For planning purposes, inquire about how much it will cost to add more extensions, making sure to specify different amounts, e.g., 10 vs. 20 vs. 50 more extensions. Learning the exact method of expansion is not important – what is important is that expansion is easy and affordable.

Features

Office telephone systems can be equipped with literally hundreds of features for switching calls and directing traffic. Dealers estimate, however, that most companies use only 10 percent of their telephone features. Instead of comparing features on a one-to-one basis, you should examine how your phone system is used. Limit your feature search and evaluation to only those options that will improve the workflow in the office.

Some of the most popular features:

- An **auto-attendant** is the recorded message that answers your phones and instructs callers how to reach the person or department they are looking for. If you have a high volume of calls, this may be important – or you may value having a real person answer every call.
- **Conferencing** features vary widely. Consider how often your staff needs to make conference calls, and how many different people need to call in. Conferencing for less than three people is included. If you need conferencing features for four or more callers, there is sometimes a small additional charge.
- **Music-on-hold** is fairly self-explanatory – in most systems you simply plug in a source of music.
- You can help callers find the people they need with **dial by name, dial by extension, or dial from directory** services.
- **Display phones** have a small screen that shows information such as the name and extension of an internal caller, the duration of call, and in some cases, caller ID.
- **Speaker phones** can be half-duplex, which means that only one person on the call can be heard at a time, or full-duplex, which lets both parties talk simultaneously, like a regular phone. Some phones also have a 'listen only' mode for speaker phone, which is useful for monitoring a conference call or while on hold.
- **Voicemail** used to be a rather expensive option but is now standard in most phone systems. If you already have a voicemail system, discuss with your vendor about its compatibility with your potential new phone system.
- Smart phone apps come standard with cloud-based PBX systems.

Although having the right features is important, even more critical is making sure they are easy to access. Because most employees devote very little time to learning how to use a phone system, you should make sure that using the most common functions is extremely simple and intuitive.

CTI and advanced features

For companies who make more advanced use of the phone, modern corporate phone systems offer some significant benefits.

Automatic call forwarding, also known as “never miss a call,” is advantageous for both your employees and your callers. By routing incoming calls to wherever your employees are, whether on the road, working at home, or at a remote location, automatic forwarding increases the likelihood that callers reach the person they need. Callers do not need to make a second or third call. In addition, your employees avoid having to return to an overflowing voicemail box.

Call convergence enables your corporate phone system to handle phone calls, voice mail, e-mail, instant messages, video conferences, faxes and other types of communication.

Computer telephony integration (CTI) covers a wide range of applications that connect your computers to your corporate phone system. One example is one-click dialing for an outbound call center. Employees can use their contact management applications to place calls without dialing the number manually, reducing errors and time per call.

Other CTI applications handle incoming calls by connecting to your CRM (customer relation management). In bound



calls can be identified by caller ID and routed to the correct representative before they are even answered. And callers' account information can be displayed automatically when an employee picks up.

CTI applications themselves are usually sold separately from phone systems. If you are interested, you should investigate what CTI applications are marketed for the software you use, and then make sure the corporate phone system you choose is also compatible. Most high-end corporate phone systems are CTI-ready. Cloud-based (also referred to as Cloud Communication) provides high functionality without the steep cost of a corporate phone system.

For businesses with the highest call volumes, **automatic call distribution (ACD)** can really increase productivity. ACD manages incoming calls to maximize efficiency and reduce call answer times. It also tracks per-call and per-employee statistics, allowing you to improve your call center's responsiveness. While ACD is extremely valuable for large call centers, most small businesses probably will not see much advantage to it.

Automatic Call Distribution (ACD)

Automatic call distribution (ACD) is a broad umbrella for managing multiple incoming calls efficiently. It's most beneficial for larger companies with high call volume. Features include:

- **Call recording** on demand. VoIP can record everyone's calls and make them accessible anytime and anywhere.
- **Call monitoring.** Live calls can be monitored in a variety of ways: listen in on sales calls, "whisper" in the salesperson's ear for coaching purposes without the caller hearing, or even interrupting a call to make a correction.
- **Call cues.** Also known as, "Your call will be answered in the order it was received." These are good for customer service in high call volume environments.
- **Call groups.** These ring multiple extensions all at once and help facilitate quicker response.
- **Customer relation management (CRM).** This component can route the call to the correct representative based on the caller's information.

A new technology that increases convenience and saves a business from having to buy their employees cell phones, is **Bring Your Own Device**. Essentially, an employee uses their own smart phone and downloads the iPhone or Android app. The office line will ring on the app, and employees can make business calls from the app without using their own minutes. It's a win-win for everyone.

Choosing a phone service provider and reseller

All business phone systems are bought through service providers or resellers, who offer varied products and services. It's imperative to understand the difference.



Service providers are generally less expensive because you buy directly from them. They sell the phones, the monthly service, and offer some kind of customer support. They don't necessarily visit your office, nor program the phones. This is a good route to go if your business is the "Do It Yourself" type.

Resellers, also known as Value Added Reseller (VAR) are part of a reseller network and earn a commission on each sale. Resellers will set up and configure your phones and computers for you, as well as "resell" the service package. They tend to be more expensive, but they visit your office and offer more personal and customized support.

When choosing a service provider or reseller, consider first the number of installations they have completed with your chosen system. Ideally, the brand you choose will be your vendor's best seller. When they are committed to the product line, you can be assured of a long-term availability of service.

If you can, get a demonstration of different office phone systems. A service provider will ask you to come to their office for these demos, while a reseller will visit you. Either is fine, but by visiting your site a vendor can get a better sense of your existing infrastructure and communication needs.

Get clear on the type of support your business will need for its phone system. Vendors typically provide these warranties: the **manufacturer's guarantees** of their hardware (three to five years) and vendor-provided **service level agreements (SLAs.)**

An SLA specifies how quickly the dealer will respond to a problem with your office phone system – 4 hours is fairly typical for major outages during business hours. If your business needs 24 x 7 coverage or shorter response times, expect to pay extra for these premium service levels.

Additional questions to ask:

- Who will install the system – the dealer or a subcontractor?
- Who will provide training? What will training include?
- What are the costs associated with service and maintenance?
- Does the dealer provide backup during a power failure?
- Does the dealer have remote maintenance capabilities?
- What changes can we make ourselves to avoid service calls?

Phone system pricing

The watchword when buying new phone systems is total cost of ownership (TCO). Simply buying the lowest price system is never advantageous. Be clear on the communication needs of your business and how that fits your budget. Keep in mind your future growth and the need to upgrade from time to time.

Estimating costs for a complete new telephone system are very difficult: costs can quickly climb into the tens of thousands of dollars.

When comparing phone system prices, you'll need to look at the following factors:

The base system

The central base system controls the entire phone system and requires upfront capital expenditure. This price differs between systems and rises as lines and accessories are added. A small central unit can cost as little as \$1,500, but can escalate to the tens of thousands of dollars for larger systems. There is no monthly charge except for maintenance and elective upgrades.

The actual phones

Most new telephone systems can be equipped with several different types of phones. The least expensive may cost around \$100, but these aren't user-friendly and provide low-quality sound. Most mid-level handsets sell for \$300 to \$400 per unit.



Some "executive phones" sell for many times the standard price. These phones may make usability easier, but often just look flashier – with larger screens and more buttons. If you need a receptionist station, an executive phone offers helpful features for the person at the center of your new phone system, and a higher price tag. **Most businesses will buy a mix of phones.**

Phone system add-ons

You may need to purchase accessories such as CTI applications if they don't come integrated with your system. These features can tack on hundreds of dollars to your purchase.

Many manufacturers sell equipment bundles that can save you quite a bit. These typically include the central control unit, several office telephones, and voicemail. They are sold in varying sizes. Equipment bundling is a good way to go to cut costs.

Cloud-based hosting prices

There are no upfront costs associated with cloud-based VoIP hosting, except for buying the digital phones (old analog phones are not compatible.) You will also pay a monthly subscription fee based on the number of phones (extensions). The more phones (extensions) you purchase, the lower the monthly price per extension.

Some service providers and resellers require contracts, but some don't. There may be discounts offered for 1-2 year commitments.

A basic model starts around \$50 and can go as high as \$250/phone with bells and whistles, like a color touch screen. Your dealer will sell you your phones; it's called "provisioning." They also configure your phone with the correct code.

The monthly subscription fee ranges from:

- \$35-\$40/month for 1-2 phones (extensions)
- \$25-\$30/month for 10 phones (extensions)
- \$35-\$40/month for 20 phones (extensions)

Remember, the more phones you purchase, the lower the monthly fee per phone. And with VoIP, your system easily grows with your business. You can request another phone at any time and simply plug it in. Your monthly rate will be adjusted.

Buying tips

Questions to ask yourself

Do you own your own technology? If you own your own operating system, you have control when to add features and upgrades. Some service providers sell "white label" technology, but aren't able to fix it. You'll have to wait for a 3rd party to help.

Do you have sufficient bandwidth to support VoIP? The faster your connection, the better your VoIP system will function. It's recommended 100 kpbs per phone (extension.)

Questions to ask your vendor

Where is the customer service located? U.S. based phone support can be an important factor. When you are trying to communicate an issue, understanding the colloquialism of the customer service rep is paramount.

What is the company's longevity you're buying from? Technology changes at whip-lash speed. You want to deal with a company that is on the leading edge and has experience - at least 3-5 years in the industry. Look for reliability, large customer service groups, and ask for references.