

# **SIP TRUNKING OR HOSTED VOIP?**

**Choosing the right VoIP phone solution for your business.**

A woman with dark hair, wearing a grey pinstriped blazer over a white collared shirt, is smiling broadly while holding a black corded telephone receiver to her ear. She is looking upwards and to the right. The background is a plain, light color.

**5 important questions to ask before committing to a business phone system.**

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If you haven't made the switch to VoIP technology, it's time you did. VoIP helps to cut costs, make employees more efficient, and simplifies IT management.

But with so many VoIP service options (and providers) on the market, choosing the right business phone service can be overwhelming and frustrating.

**Your needs, budget, and company size will influence which VoIP solution you should consider. To help narrow down your search, there are five important questions you should ask yourself.**

In the end, it will come down to either [Business VoIP](#) (a [hosted PBX](#) VoIP solution), or [enterprise SIP](#), (an on-premises SIP compliant IP phone system with SIP service).

## What is VoIP

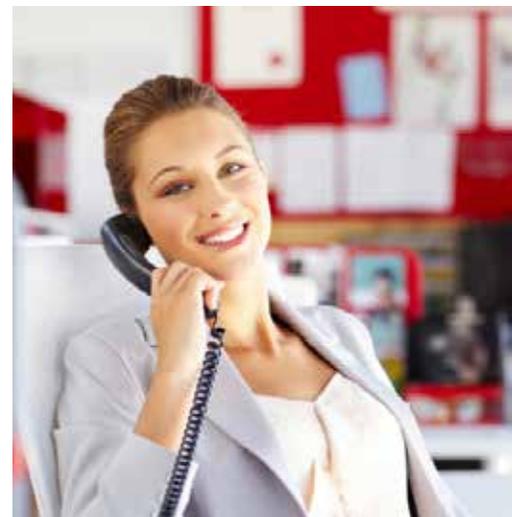
**WHAT IS VOIP?** | VoIP stands for Voice over Internet Protocol, and is commonly referred to as Internet phone service. VoIP technology allows users to make and receive calls using a high-speed Internet connection instead of a standard landline. The technology converts voice into little packets of data so that it can be sent over the Internet using high-speed or fiber connection. Business VoIP and SIP trunking are both VoIP solutions.

**WHAT IS BUSINESS VOIP?** | Business VoIP is a hosted PBX VoIP solution that uses the Internet to transmit / send calls. VoIP technology converts voice into little packets of data so that it can be sent over the Internet using high-speed or fiber connection (this allows voice to be provided over an IP backbone, or "the cloud"). VoIP technology allows you to take advantage of cheaper voice rates, faster setup, and flexible configuration.

Both the service and PBX are fully managed ('hosted') off-site by the provider so you don't have to install and manage complicated and costly equipment. As a result, Business VoIP provides business customers with a complete telephone system (phones and service) without requiring them to install and manage complicated and costly equipment. [How Business VoIP works.](#)

**WHAT IS SIP?** | Session Initiation Protocol (SIP) is a VoIP service that connects a company's PBX telephone system to the PSTN via an IP connection (the Internet) to the service provider. This IP connection can be used to carry both voice and data traffic (i.e., Web and e-mail), and as a result, eliminating the need for costly T-1s and PRIs.

**Before you begin your search, ask yourself these 5 questions. They can help with choosing the right business phone solution.**



## 1 WHICH BEST DESCRIBES YOUR PHONE SYSTEM PROJECT?

- A. Installing a new phone system
- B. Replacing an existing phone system
- C. Upgrading an existing phone system
- D. I like my phone system, but not my phone or Internet/data bills

### If you picked A., B. or C.:

Business VoIP is a whole phone system replacement and provides both your voice service and phones. It is completely managed by the service provider so you do not have to worry about buying or maintaining complicated phone equipment. As a result, subscribers receive the functions and features of an expensive and sophisticated PBX phone system, but at the fraction of the price.

Business VoIP is a perfect solution for customers looking to upgrade or replace their current PBX, landline or key system, as well as businesses with remote employees or multiple-locations (i.e., headquarters in New York and satellite offices in California and Tennessee). Business VoIP allows you to connect all of your employees, regardless of location, under one calling plan.

The requirements for Business VoIP are simple: high-speed Internet and IP phones. If you don't already have compatible IP phones installed in your office, you can rent or buy them from your service provider. Phones are delivered pre-configured, so set up is easy and hassle-free.

### If you picked D.

Phone systems typically last 6-8 years, but if yours is still functioning well and meeting your needs, SIP trunking may be a viable and cost effective solution.

SIP trunking is a perfect solution for enterprise customers who already have an existing phone system and high-speed Internet because it eliminates the need for costly T-1s and PRIs. SIP is also ideal for high-volume call centers or multi-location customers because it allows you to share unused call capacity, and as a result, eliminating the need for a dedicated connection at each site. SIP trunks also afford guaranteed network redundancy and provide failovers if case of outage.

If you are happy with your Internet Service provider, you can choose a voice only plan. Many SIP trunking providers offer both a metered (pay-per-minute) and an unlimited calling plan.

You can also choose to combine your Internet and local and long distance on a single dynamic circuit called a Dynamic PRI (another form of SIP trunking). Bandwidth is based on call volume or Internet usage ensuring optimal use of available bandwidth at all times. When voice lines are not in use, bandwidth is available for Internet access and data application.

## 2 HOW MANY EMPLOYEES DO YOU HAVE?

It isn't necessarily how many employees you have, but the number of workstations (or phones) you need to operate daily



business activities. Factor in the amount of 'phones' you need at any given time and that is your true employee count. Be certain to include conference rooms or any 'guest' lines.

Business VoIP is an ideal solution for small to medium sized offices with 2-50 employees, as well as companies that have multiple-locations or remote employees because of its flexibility. It provides the ability connect branch locations, home offices, and remote employees under one corporate phone system.

Larger enterprises and companies are more likely to benefit from a SIP trunking service. However, SIP requires you to have your own PBX phones and equipment, which can be expensive. If you do not already have a phone system in place, or the budget to get a new one, Business VoIP may be a more viable solution.

### **3 WHAT FEATURES DO YOU WANT IN YOUR PHONE SYSTEM?**

SIP trunking allows customers to customize their service with features such as 411 directory listing and assistance, enhanced DID service, toll free numbers, and automatic failover. However, for the most part customers are limited to the features and functions of their current phone system.

Business VoIP on the other hand is a more scalable voice solution because your features are based on what your service provider can deliver. As additional features become available, the service provider makes all of the upgrades in the background. You get the latest advancements, but without the additional costs associated with them.

Some of Business VoIP's powerful calling features include caller ID, voicemail, call forwarding, [find me follow me](#), and intercom; most of which are offered at no extra charge (depending on your service provider).

### **4 HOW QUICKLY WOULD YOU LIKE TO IMPLEMENT A NEW PHONE SYSTEM?**

In most cases it takes 24-72 hours to turn up either enterprise SIP or Business VoIP service. There is some testing involved with SIP trunking, but typically service is available in a couple days (this all depends on your service provider).

### **5 WHAT IS YOUR BUDGET?**

Many Business VoIP providers offer a BYOB (bring your own bandwidth) option, or you can opt to bundle your voice and data to save even more. Depending on your provider, calling plans can range anywhere between \$14.99 - \$49.99 per user. For an office of five employees, you should look to spend around \$175 per month – this includes unlimited calling, IP phone rentals (for all your employees), and all your features.

Not all plans are created equal, so make sure you do your homework. Look for a provider that offers unlimited calling (both local and long distance) for one monthly price rather than a metered (pay-per-minute) plan. If you exceed your allotted minutes you could be paying some serious overage.

Another important thing to consider when shopping for a quality Business VoIP voice solution, are the features. Most features should be included at no extra charge.

*Look for a provider that doesn't require a dedicated Internet connection, otherwise you will not be able to move your office for disaster recovery, telecommuting, etc.*

As for SIP trunking, you will need an SIP compliant IP phone system and an Integrated Access Device (IAD) or gateway to utilize SIP service. The monthly recurring charge for the IAD or gateway (which is provided by your service provider) depends on your traffic needs, and can average around \$250 per month. You will also need to factor in your voice charges. Many providers offer both unlimited local and long-distance and metered (pay-per-minute) calling plans.

If you do not have a SIP compliant phone system or are looking to upgrade your phone system all together, you are looking at a cost of \$200-\$1000 per IP phone (depending on the device's features and number of employees) to upgrade or buy a new business phone system. The cost per employee (or phone) generally tends to be less with PBX systems if you have 75 or more employees. This average price per phone does not include monthly service fees for voice and data, or the IT staff needed to maintain and troubleshoot your phone system in case anything should happen.

## Conclusion

Deciding on a business phone service is not easy and can be quite tiresome, but once you have taken the time to assess your budget and requirements, you will be better equipped to make a decision that you will feel confident with.

**If you are still unsure which VoIP solution is right for your business, or to receive a free no-obligation quote, call 1-800-900-5474 to speak with a VoIP Specialist.**

## ABOUT TOUCHTONE COMMUNICATIONS, INC.

A nationwide voice, data and VoIP service provider, TouchTone Communications has been serving customers since 1993. With 20 years of continuous growth and a proven track record of delivering quality products and support, customers can depend on TouchTone for all their telecom needs. For more information call 1-800-900-5474, or visit [www.touchtone.net](http://www.touchtone.net).

