

How to save money, get service guarantees and make sure your provider will work for you.

10 Questions to Ask Your Hosted IP PBX Provider, Before You Sign a Contract

Signing up for a hosted IP PBX provider is just like signing up for cable TV; the provider is trying to lock you in to a long-term contract at terms that give them the most profit, while you're just trying to get the service and features you need at the lowest possible price. Plus, there are always hidden costs.

The key to avoiding a contract with more (or less) service than you need is asking the right questions. This list covers what questions you should ask before you sign on the dotted line. If you have specific concerns such as advanced call center features that might affect your business, you'll want to add them to the list as well.

1. What is the contract termination policy?

You want to know whether you can get out early without a penalty and what the other termination costs might be. Unfortunately, providers — and particularly their sales teams — often try to lock you into long-term contracts. This is common practice throughout the communications industry and you may not be able to avoid it, but you can do your best to remove arbitrary and excessive early-termination penalties. Several of the newer hosted IP PBX providers are reacting smartly to the situation by providing service with no installation or termination penalties. Be sure to check the policies on equipment, as well as those that apply to the basic service.

2. What startup costs are there beyond setup and equipment fees?

This is where you want to look for hidden costs. Find out exactly what you'll need to get service. Ask if phones, extra servers, interface cards and other add-ons are included or if they cost extra. If you have the "wrong" kind of network (one that doesn't work with the hosted provider's VoIP system) will you end up needing new cards and extra software? Can you use your existing broadband service? If not, can you switch your broadband supplier without penalty (and preferably at an additional saving)?

It's easy to get sucked into a deal with installation and equipment costs at \$100 or less per seat, but that's often for a minimal configuration. You might find out later that you need add-on equipment. Be particularly careful about phones; if the phone is free, it's quite likely to be extremely basic, and you may need more features. Think of the phone as a piece of equipment you use all day, every day, and you'll get an idea of why you want the best phone.

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3. What day-to-day usage costs are not covered by my service plan? What are the rates for international calls, for example?

This is yet another place where hidden fees lurk. Make sure there aren't any add-on fees for important features; some providers charge more for conference calling, others for different forms of long-distance and still others for some advanced features. Make a quick list of all the communications needs that you have, then ask about all the items so you can forecast prices accurately. This is particularly true if you make a lot of international or toll-free calls or if you need extensive inbound toll-free calls. One bright spot is that this is an area where you can't really lose — all hosted IP PBX solutions are cheaper for actual calls than any non-IP or non-VoIP solution.

4. Can the system handle outbound and inbound faxes out of the box? Can I just plug in a fax machine or do I need special equipment?

Faxing is a hidden gotcha of VoIP. Many older systems can't handle faxes, while others require a special faxing module. The bottom line is that just because you have a phone line with VoIP, it doesn't mean you can plug a fax into it. Make sure you're covered and find out what it will cost. A typical solution is to obtain an extra box or adapter for a fax line, which will cost extra. But some solutions are smart enough to route faxes beyond the adapter and deliver them to email inboxes as well. Check the details before you bite.

5. Do I need add-ons or extras to handle old-style analog phones that I already have or that remote or branch offices have already installed?

Fortunately there is a solution to this issue that can save you some money. If you have offices that already have extensive, modern analog phones, some provider systems will work with them as transparently as with more advanced SIP (Session Initiation Protocol) and VoIP phones. That can save you as much as a couple of hundred dollars per phone. This is particularly important for remote branches or offices, especially if you need to do a phased rollout. You will need to double check what features are supported on analog phones and how they are operated. If it is too difficult to transfer calls for example, this feature, even if it is supported by the provider, might as well not be there.

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6. How does the system handle remote and mobile workers?

The key here is to find out whether the experience is the same for a telecommuter in a rural area as it is for someone at a head office and how it will handle people on the road.

If you don't have mobile or remote requirements, obviously this isn't a concern right now, but in time it may be. And if you do have remote and mobile employees, then you need to find out what the provider can and cannot do for you. Some providers can handle any mobile or remote phone almost as easily as an extension in the main office, but others cannot. Creative solutions might save you more money than going to a system that can handle remote employees. For example, getting a single line for a remote employee on a different plan then using your system's call-forwarding features might end up being more cost-effective. Since many hosted IP PBXs handle remote users very well — including 'road warriors' who travel a lot — this can be a great extension for your business.

7. If I underestimate my requirements and need a major upgrade or my company grows, what are the additional costs for upgrading?

There isn't too much you can do here — miscalculating requirements is going to be a problem no matter what. But you can minimize the pain with a provider that is willing to work with you and that provides good service. At least find out what the issues might be down the road as you'll need to know how to handle business growth anyway.

8. How do you guarantee your quality of service?

Quality of service is a big differentiator among providers. What you want to know here is, if you have issues with quality, how you'll get support, who you should contact and how fast fixes will happen. When there is a complex problem and your network equipment supplier, your broadband supplier and your service provider are all pointing fingers at each other, you want a provider that will step up to solve the problem.

These are all questions to ask the provider directly. If they can't more than satisfy you in this area, look elsewhere. Your communications system is vital to your success, so don't put yourself in a position of being held hostage by an incompetent provider. It obviously helps if your broadband supplier and your IP phone provider are one and the same, but regardless, if they aren't willing to even step up to *try* to solve your problems, then how good will they be at actually solving them? Take the time to understand all the issues. For example, if there is a major backhaul network failure

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(the network that connects most of the Internet together in the background), then your provider is unlikely to be able to do a single thing about it, but check if they will at least provide failovers to an old-style analog line for emergencies.

9. What about emergency services — do you provide full 911 or E911 services? Will dispatchers know my location automatically — and how about remote workers?

This is a flat-out requirement that many VoIP providers don't like to talk about. If they don't have a solution right now, they ought to have one in the pipeline. Fortunately, since 911 compliance has been made a federal mandate, the problem is being solved very rapidly. But do ask how the system will know things like location for someone on the road. And that leads us to the last question...

10. How do I know you are going to be around in two years, let alone three?

Communications and VoIP is an industry of consolidation and aggressive competition. Find out if your provider is stable and make sure your contract is binding even if your provider gets acquired. Ideally, you want the new provider to take up your contract with no change, while giving you the option of moving on without penalty if you don't like the new arrangement.