# Seller's Guide: IP Telephony Today

By Edward Gately

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# the Author

**EDWARD GATELY** As a contributing editor for Channel Partners, Edward Gately covers new channel programs and program changes, and tracks M&A and other IT channel trends. Prior to Informa, he spent 26 years as a newspaper journalist in Texas, Louisiana and Arizona.

linkedin.com/in-edward-gately-87200254
@edwardgately

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# Seller's Guide: IP Telephony Today

## THE ENTERPRISE PHONE SYSTEM LANDSCAPE IS UNDERGOING RADICAL CHANGE, AS NEWER TECHNOLOGIES

offer greater flexibility and threaten traditional system sellers. In fact, when it comes to IP telephony, it's no longer about trying to get customers interested. IP has won. They're looking. Now the question is more likely, on-premises, fully hosted or hybrid?

"The movement has gone from, 'Do I want to think about hosted voice?' to, 'OK, so what's my alternative to hosted voice?'" said Bob Faber, solutions engineer at Intelisys. "It's become the standard rather than the alternative. And that's in line with Avaya's in bankruptcy, Toshiba announcing that they're no longer going to sell hardware in the United States, Nortel is gone and ShoreTel was just purchased by Mitel. I think everyone is thinking about it, so it's more of a question of how long before my phone server is going to die, and what do I need to do to make sure that I can still have good, accurate voice communication before that happens?"

Market numbers and leading analysts bear out Faber's take, with an emphasis on a hybrid reality through 2020.

Grandview Research says the hosted UC market will squeak past on-premises deployments within a few years as a result of high installation and maintenance costs associated with on-premises solutions and an increased preference toward cloud-based systems with minimal capital expenditure.

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## North America Unified Communications Market by Application
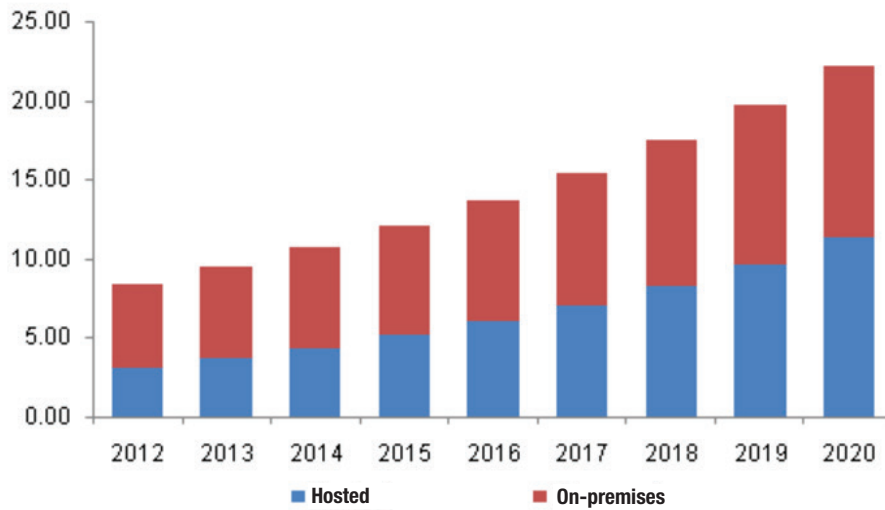


Source: Grand View Research

But the fight isn't just between capital-intensive on-premises platforms and endpoints and hosted systems, says Frost & Sullivan Analyst Michael Brandenburg, who covers infrastructure and unified communications and collaboration in ICT.

"Both on-premises and cloud telephony services are also facing a challenge from startups like Slack that offer new ways for business users to communicate and collaborate," says Brandenburg.

Partners looking to head off that existential challenge must highlight new IP telephony features and functions that are drawing renewed interest from customers looking to ditch aging analog phone systems. As traditional PBXes hit end of life, the value proposition for IP telephony clearly extends beyond cost reduction. Customer needs have evolved, and partners need to not only lead with flexibility in terms of deployment, but also features that are possible only with IP-based solutions that have cloud hooks. Raul Castanon-Martinez, 451 Research's senior analyst of enterprise mobility, cites examples including geographical coverage for multinational companies, integration with productivity and team collaboration applications and mobile capabilities.

"A key driving element will be the growing relevance of artificial intelligence, which is increasingly showing up across business communications, productivity and team collaboration applications," Castanon-Martinez said. "This is a good example of technology innovation that is only possible with the cloud, and therefore goes hand in hand with IP telephony."

In fact, for channel partners whose customers are leery of cloud, voice is a great way to build comfort because it's familiar territory.

Experts also say you shouldn't write off desk phones — a lucrative hardware opportunity for partners — or assume that UC is, like IP telephony, a done deal.

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"Customers continue to want a phone that provides them with five-nines reliability but software solutions that allow them to leave their desks without missing a call," says Ammar Rezek, president of NTS Direct, which is still seeing a significant investment by its customers at the desktop. "End customers require IP phones installed on premises and off site for remote workers."

In fact, NTS still is seeing substantial demand for IP telephony systems that do not have UC functionality baked in, Rezek said.

"The move to IP telephony has been going on for a long time, and there is a fair amount of the market that is IP without UC," he said. "We do not have any exact numbers, but it is higher than you may think."

### Start the Conversation: Channel Sales Pros' Advice

It's sales 101 in the era of the new decision-maker: Focus on the application and business benefit, not speeds and feeds.

"Ask the right questions and use those answers to identify what solution is best for the customer or prospect — voice or otherwise," says Jonathan Hartman, vice president of sales at PlanetOne Communications. "IP telephony systems are feature-rich. There is so much that can be done with them, the question is, 'What does the business need to or want to do?'"

## Levels of IP Telephony Security

### Increasing Complexity, Security Level, Manpower

| Low<br>Default Security,<br>Provides Minimum Protection | Medium<br>Moderate Security,<br>Provides Reasonable Protection | High<br>Highly Secure,<br>Provides Maximum Protection |
|---|---|---|
| Separate Voice and Data VLANs | IP Telephony-aware Firewalls | TLS/Phone Proxy |
| Port Security | Develop IP Telephony Security policy | Third-party certificate (e.g., CAPF) |
| Layer 2, Layer 3 ACLs | Wireless infrastructure security | Telecommuter solution |
| Server hardening | Host Intrusion Prevention System | 802.1X |
| Class of Restriction (Toll Fraud) | Encrypted TFTP transfer | Network IPS |
| Antivirus | TLS-SRTP - Phones, Applications | Security Event Mangement |
| Scavenger QOS | IPSec/SRTP to Gateways, Trunks | |
| Signed Firmware | | |
| Photo Security Settings | | |

Source: Cisco

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A good way to find out is to ask open-ended questions:

- What are you trying to do as an organization?
- What's the technology roadmap in play today? What could change tomorrow?
- What are the top initiatives for the business?
- Where are you struggling to empower them? What technologies would drive these projects forward?

Kim McLachlan, vice president of sales at West Unified Communications Services, agrees. She advises partners to start a discussion about the end-state the client is hoping to achieve operationally.

"What capabilities are important, what process changes do they hope to support?" McLachlan said. "Once we have a solid grasp of what the future needs to look like, we'll evaluate the equipment in place and then begin to develop a plan to migrate the solution to the point where they can realize the outcomes they have in mind."

While a big one-time billing is attractive to partner sales teams, it's critical to play the long game. Help clients maximize the value of previous investments even as they work to add new capabilities, increase capacity or offload time-consuming management tasks so the core IT team can focus on strategic issues. Avoiding a rip and replace of gear that still has useful life is something a customer will appreciate. Just set a strategy after some direct conversation, says Julie Dzubay, WTG's vice president of sales operations.

"Do you have a strategy for moving from your current phone system to a hosted phone solution?" said Dzubay. "Have you established a time frame to begin installing hosted services? Are you having any issues with your current phone system?"

The customer may not have an immediate need to upgrade, but it's always a good time to work together on a roadmap to convert to an IP system. Map out the benefits the company may experience for each phase along the way.

"There are also scalable benefits from UcaaS," she says, such as softphones that enable voice communication to happen anywhere. "Finally, EOL [end of life] comes quick with legacy premise-based PBXs. Once the support stops, you are stuck."

### Mobility Is Nonnegotiable

If you're selling VoIP, UC and mobility initiatives on separate tracks, customers will never gain the full benefits. Integration is a priority, and a services opportunity.

As we discuss in our [report on Apple CallKit](#), mobile UC apps are improving. Key goals are:

Enabling users to jump easily between desk phones, softphones and mobile devices for voice, e-mail, IM, calendar, presence and conferencing.

Helping customer IT teams develop a BYOD policy that makes the most of IP telephony and UC investments.

Eventually pulling in other business applications, such as ERP and CRM, for deeper customer service benefits.

## Shifting Expectations

There's no missing the accelerated growth of cloud-based telephony providers like BroadSoft, Unify, Fuze and RingCentral, as well as new entrants like Samsung. So, which supplier is best at meeting customers' needs? Who's struggling?

The answer lies in the cloud — eventually.

"They show double digit growth rates — average above 20 percent, some are even higher — and are gaining on the incumbent UC providers like Mitel, Avaya and Cisco," Castanon-Martinez said of cloud-native providers. "The latter are also looking to expand their IP telephony businesses, but are not as successful as the former."

The challenge for incumbents is in overhauling the entire business, including sales and distribution channels, partner network, business model — it's a monumental task. Still, companies like Avaya have name recognition, an installed base and a strong presence in the channel. In fact, NTS' Rezek says he expects Avaya to emerge from Chapter 11 with greater financial strength and business flexibility.

"We're also encouraged by the naming of Jim Chirico as Avaya's new CEO and his support for the channel," Rezek said. "We're looking forward to working and growing with Avaya, which remains a leader and innovator in business communications."

Still, most on-premises UC vendors have been losing momentum in terms of platform shipments during the last several years, while many hosted providers have been on significant growth trajectories. But that doesn't show the whole picture, says Brandenburg.

"While this might suggest that on-premises vendors need to themselves move to the cloud, that is only part of the story," he said. "Many customers are still not ready to move communications into the cloud, either because they are simply not interested or have their existing platforms tightly integrated with specific applications. In my view, the future is not necessarily cloud-only, but a tightly coupled hybrid mix of on-premises products and cloud services that can be tailored to match the specific needs and preferences of the customer."

Though cloud-based telephony and UC solutions may sound a lot alike, or share some technological DNA, it's critical for partners to select a supplier whose approach resonates.

What else matters?

"Plenty of evidence that they can deliver," McLachlan said. "For example, many long-time providers of services in the SMB segment are now touting their 'enterprise scale' capabilities."

Sounds good, but it's critical to weed out those who just don't yet have the experience to credibly support the customer journey. That may mean staying with a mix of cloud-native and established suppliers.

## Must-Have Features

As we've said, the pitch for IP telephony should not be a feature-set-driven discussion. It should revolve around the business benefits and payoff. "That said, the continuity that an IP system brings to the business is exceptional," said Hartman. "The cost savings are there. The efficiencies are gained, and time-to-value is fast."

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WTG lists the top five IP telephony features customers want now:

**1.)** <u>Softphone apps for smartphones,</u> which allow customers to provide a phone for mobile workers without the need for equipment, instantly saving a client money.

**2.)** Collaboration tools, which allow for an efficient work environment

**3.)** Hot transfer of calls between a desk phone and mobile phone.

**4.)** Integrated call center functionality that's flexible and easily customizable with robust reporting.

**5.)** No lost calls — registration of calls into a call center that were not answered and the ability to continue to track them until the client has been reached.

When it comes to IP telephony, it's less about new features and more about how multiple communications systems are integrating into workflows — or how all-new solution types, like workstream collaboration tools such as Cisco Spark, support new collaboration paradigms, McLachlan said.

She also cites integration of contact center capability throughout the organization.

"In short, contact center capabilities are not just for contact centers anymore," she says. "Any enterprise can benefit from sophisticated call-management tools. And since most large organizations have internal services organizations, like IT and HR, these tools can have a significant positive impact on how easy it is for employees to resolve issues quickly, reliably and in a way that limits the disruption of their days."

In addition, consider working with hybrid architectures, which will be common as organizations become increasingly complex.

"Each new organizational component comes with its own original technology stack that must be accommodated within the new organization structure," she said. "Some communications tech is on premises, some in the cloud. Clients are anxious to see how their partners can help them knit these legacy systems together, where appropriate, to allow for more seamless and productive interactions."

And, desk sets aren't the only hardware that should be on your line card. Edge gateways are becoming more in demand as the number of ways to communicate becomes more diverse, NTS' Rezek said.

"They effectively are the translator between two different communication protocols," he said. "Gateways like the analog telephony adapters, or ATAs, help connect today's VoIP and SIP lines to legacy analog and digital systems. They reside at the trunk — FXO — or station — FXS — side of your telephony solution."

## Decision Time

Partners need to be ready to address any and all customer decision points. And, making the jump from a legacy phone system to IP telephony comes with lots of questions.

"Financial is always a consideration, but a lot of it is functionality — is it good for multisite environments, am I going to be able to control everything out of one portal, are my users going to get the same experience that they had with a premise-based system?" said Miguel Sanchez, solution engineer at TBI. "A lot of UCaaS providers will give you a demo so you can actually use their phones and ensure you can get the quality and functionality that you want."

Other points in the decision process are the ability to add remote workers using their cell phones and ensuring the service can meet today's fluid QoS demands.

"One of the 'cons' for UCaaS OTT providers is that the public internet does not offer quality of service, and that can be an issue for voice quality for customers using low-cost broadband options," he said.

However, quality-of-service demands vary according to generation. Some QoS and desk set functionality demands will differ depending on employee role and age.

"We've become so accustomed to bad-quality dial tone by virtue of cell phone conversations and bad cell coverage," Faber said. "The older folks demand excellent quality of service, and the young millennials, they don't seem to have as great of a problem."

Add to that the fact often, the feature set that comes with the hosted telephony provider is going to be used on softphones. Millennials, outside certain roles, like call center or receptionist, will want to integrate their cell phones with the hosted PBX as opposed to using a full-featured desk phone.

When delivering managed solutions, channel partners must always consider the mobile workforce, branch offices and guests who may be granted access to the network, Hartman said.

"Every touch point and endpoint counts, which is why it's critical for channel partners to proactively put processes in play, including role-based and rule-based authorizations, and take a layered approach to security, while keeping a watchful eye on ongoing patches and upgrades from your providers," he said.

## Security: Bake It In

While "security risk" may not be synonymous with IP telephony for most customers, earlier this month news hit of a serious flaw in Asterisk that could expose customers to stream injection and interception without an attacker needing to first be successful with a man-in-the-middle attack. Add in the potential for telephony denial of service and an evolving compliance landscape, and it's clear partners need to make security part of the sales discussion.

There are frameworks: Avaya offers a security checklist, as does NIST with its publication on locking down VoIP. In IP telephony, network security best practices apply. These include:

A multilayered defense using intrusion detection/prevention, firewalls that can inspect voice packets, and VPNs for encryption.

A virtual LAN (VLAN) specifically prioritized for IP voice traffic. This will also help performance.

Roles for systems administrators with complex passwords and strict activity logging.

Also check out our report Mobile Security: 9 Discussion Points To Make the Sale to learn about extending security to mobile devices.

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In fact, in verticals that have strong compliance requirements, security concerns can slow or even halt adoption of a hosted solution. Most clients, however, do not see a hosted solution as being less secure than CPE.

"Mobile user needs drive the adoption of a hosted solution," Dzubay said. "The flexibility and efficiency a hosted solution provides improves the business case for converting from CPE to UCaaS."

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# Related Reports

### Channel Sales Handbook: Unified Communications

The goal with UC is to delight the customer, boost productivity and win repeat business. But agent and MSP sales professionals may be confused on how offerings differ, what those differences mean in terms of how systems perform and how to go about assessing prospects. This Report examines how to build a customer profile and then align the best solution.

### Mobility Security: 9 Discussion Points to Make the Sale

Yes, it can be a struggle to mitigate the very real risks on an on-the-go workforce without negating the productivity benefits. But the worst thing a customer can do is ignore mobile security. In this Report we give you some talking points to start the discussion.

### Case Study Challenge: Apps Key to Mobile Revenue

Mobility has changed the way business is done. And as the three winners of our Q3 Case Study Challenge demonstrate, apps are key to taking mobility strategies to the next level.

### Microsoft vs. Google: Mobile First, but Which Platform?

Mobile devices are steadily replacing PCs, but customers are confused about how to manage the change — and Windows 10 just muddies the water. Partners can help with ecosystem choices.

### UcaaS & Millennials: 8 Reasons Cloud UC Answers Gen Y Needs

Keeping millennials engaged and productive requires adopting next-generation tools. This Report provides key guidance on engaging in conversations with customers about unified communications-as-a-service (UCaaS) solutions to delight millennials and achieve business goals.

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