

# Phone System Buyer's Guide

*Business Phones Direct*

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This phone system buyer's guide will teach you the basic features and functions of modern telephone systems, give you an idea of typical pricing and explain the differences between various types of telephone systems.

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Choosing the right telephone system for your business is one of the most important decisions you will make for your company. The telephone is one of the fastest, easiest, and most convenient methods for interacting with your customers. This phone system buyer's guide will cover the most important things to look for when purchasing a new phone system and will be a good start for someone who may feel overwhelmed at all of the options available to them. As always, [Business Phones Direct](#) is happy to help their customers discover the best solution for their business. From what type of phone system to buy, to key features to look for, this guide has you covered.

## **Different Types of Phone Systems**

There are many different types of phone systems – each of which offers their own set of benefits and drawbacks. The main configurations you will come across will be: VoIP, Key Systems, Private Branch Exchange Systems (PBX) and Hosted Solutions. The beginning of this guide will walk you through the different types of phone systems and teach you what type of system would best suit your needs.

## **Voice over Internet Protocol (VoIP)**

When most people think of VoIP, they think of companies like Vonage or Skype; they think about making their telephone calls over the internet. While many people associate VoIP with negative or variable call quality, business-grade VoIP generally works differently than you are used to hearing about. Calls made over Skype or Vonage are actually sending your voice over the internet to the provider's servers. The main problem with VoIP in this sense is that the internet is unreliable for sending such time-sensitive data. Skype and Vonage have no control over the quality of service you will receive because information sent over the internet isn't prioritized. This means that your voice packets can (and most likely will be) interfered with.

When you install a business-grade VoIP telephone system, you are not sending any voice data over the unsecured internet. The only area in which voice is traveling over a data network is within your own organization and there are many ways to ensure quality since you have complete control over your own network.

Voice over IP is rapidly gaining popularity because many people see it as the next big thing in telecommunications. Many years ago, businesses solely had to rely on huge, clunky telephone cabinets which required a telecom engineer to do simple tasks for you. Now you can put your entire phone system in your server rack and have someone on staff handle 80% of the maintenance on the system.

Another benefit to VoIP is that it gives you enterprise features standard whereas older, more traditional phone systems would make you pay extra for them. Many systems come with virtually unlimited mailboxes, unlimited users, standard auto-attendants, and voicemail. You may still need to pay for licensing but you shouldn't have to pay for extra hardware.

Voice over Internet Protocol is definitely the way of the future as far as telecom goes. However, even though it has been around for awhile, you will still pay a premium for the newer, more feature rich technology.

This technology can be suited for any sized company though would be best for a company with more than 10 employees. Also, companies with multiple locations will see some of the greatest benefits with VoIP since you can generally tie all of your locations together and make one, unified system.

### **Private Branch Exchange (PBX)**

PBX systems are generally for larger companies that require advanced functionality. You should consider a PBX system if your company has over 40 employees and you're looking for an array of nonstandard features. Since most PBX systems are completely programmable, you should be able to customize the system any way you would like.

So what type of company would need a full-fledge PBX? Bigger companies such as Microsoft or Dell could be running PBX phone systems as they require advanced features such as allowing users to type in serial numbers and receive feedback from the system or check warranty expiration dates. Private Branch Exchange systems, since completely configurable, open up those advanced possibilities.

Other companies that would see a benefit of using a PBX system are companies with over 100 users. With smaller companies, they are used to answering a call on a certain line (by pressing the button associated with that line on the phone) which is something you can do with a key system. With a PBX, you won't have a button for each line; you will generally have a receptionist answer a call or have a call routed through an auto-attendant and then "placed" on someone's phone in the appropriate department. This is good for larger companies because not everyone will see every single call but this is bad for smaller companies because managing your calls becomes more difficult.

### **Key Systems**

Key Systems are best suited for companies with 5-100 employees. A key system is what most small businesses would be used to using. With a key system you will be able to make inter-office calls, tell a coworker that they "have a call on line 3," see what lines are currently in use, etc. A key telephone system requires a KSU (Key System Unit) which acts as the brain of the phone system. During installation, the telephone technician will mount the KSU in your telephone room.

While a key system is less customizable than a PBX, most small businesses find that key systems have more than enough features to suit their needs. Most small companies actually prefer key systems because of their ease of use.

A key system, as with all business phone systems, requires professional installation and maintenance.

## Hosted Solutions

Hosted phone systems are becoming more and more popular as the technology improves. In 2010, hosted companies are popping up left and right – but many do not survive as they find it difficult to provide a quality service over the unreliable internet. The technology is getting there but it is just not there yet.

A hosted phone system is a phone system where you have a phone on your desk but the “brain” of the system is remotely located where your hosted provider is. This option is appealing to customers because they do not need to worry about maintenance as they do not physically have any hardware in their offices. Another reason that customers are drawn to this option is because you are able to pay per user, per month and this generally offers a much lower startup cost.

A common complaint amongst companies who choose a hosted provider is call quality. Hosted solutions generally use the same technology as companies like Vonage and Skype where your sensitive voice data is sent over the internet and nobody can control the conditions between your phones and their servers. For this reason, many customers that go with a hosted solution usually end up switching to a regular, in-house phone system.

## Choosing the Right Sizing Specs

It is important to know your company’s basic requirements so that you can make the best decision when it comes to choosing the proper phone system. You will need to know terms like **lines** and **extensions**. A *line*, also known as a trunk, is the number of outside lines you will be getting from the phone company. An *extension* refers to any device within your office that will be connecting to the phone system. This includes: phones, fax machines, credit card terminals, modems and any other device that requires an outside line.

It is important to evaluate your company’s current needs but also your future needs. If you foresee growth in the future, be sure to purchase a system that has the capability to expand. Most good phone systems can expand in a cost-effective manner.

## Basic Phone System Features

When shopping for a phone system, think of all of the features that you may use and be sure the system you are considering has *those* features. Most companies do not use 90% of the features on their phone system so it is important to not solely feature shop and just choose a system that does what you need.

Here is a list of the most common features:

**Auto-Attendant:** The recorded message that answers your phones and instructs callers how to reach the department that they are looking for (e.g. Press 1 for sales, press 2 for purchasing, etc)

**Music-on-Hold:** The music that your callers will hear when they are placed on hold. Most systems have this capability but double check before you purchase if this is important to you.

A feature that a lot of companies look for is dial by name, dial by extension or dial from a directory.

**Conferencing** features are something that your company may need. If you plan on doing conference calls, be sure that you look into how many people you can talk to at once.

The phone sets themselves have many features: Do you want a display on your phone? How about Caller ID capability? Does it have a speakerphone?

**Voicemail** is a very important feature for many users. While most systems either have voicemail included or have the capability to add voicemail, be sure you know what you are getting before you buy.

### **How Should You Price a Phone System?**

In the phone world, the big thing to look for is the total cost of ownership (TCO). Many phone systems will cost a small amount for the initial purchase and end up costing you much more down the line when you need to upgrade, make changes, add phones, etc. Be sure to speak with your vendor about the upfront costs and also the potential future costs. Expandable phone systems tend to cost more initially but the long-term savings make them worthwhile for many customers. While estimating the costs for a phone system is difficult, you should be paying roughly \$350-1000/user for a key system and \$600-1000/user for a VoIP/PBX system.

### **Thank You for Reading**

Thank you for reading [Business Phones Direct](#)'s phone system buyer's guide. If you have any questions, we would love to help you out. We can be reached at 866-777-7466.

Best of luck with your new phone system purchase!

-The Business Phones Direct Team