

# Total Cost of Ownership

## Small-Size Business / Single Location

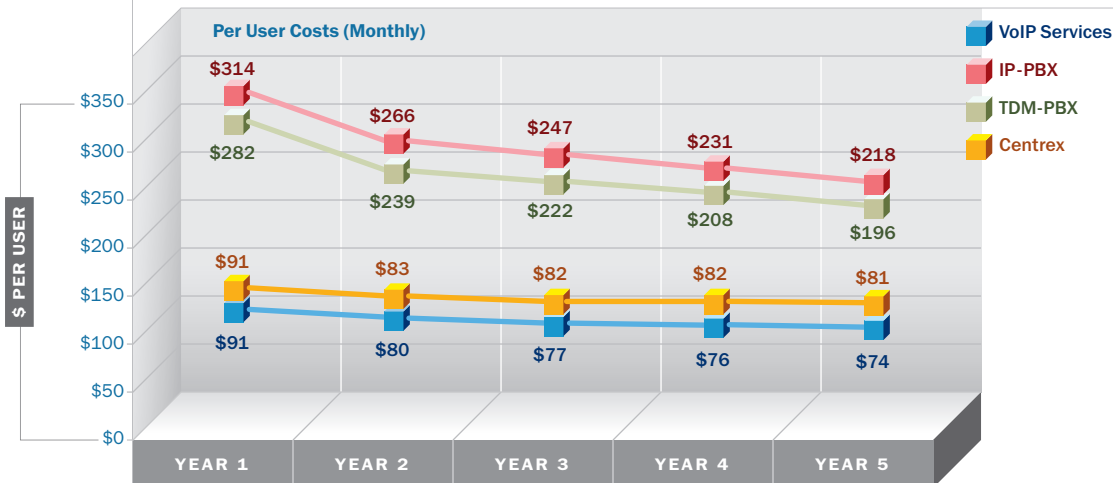
### > DETAILS

- **One (1) location, 20 employees**
- All capital equipment is leased
- Projected SMB employee growth is 5% per year
- 840 minutes used per employee per month and call volumes remain constant
  - 300 local minutes
  - 120 local toll minutes (Intra-Lata)
  - 420 long distance toll minutes (Inter-Lata)

### > BENEFITS OF VoIP

- Cost Savings, as depicted in the charts below
  - Including free IP-to-IP calls
- Simplified telecom management; for example, no internal telecom expert required
- Consistent delivery of most-used telephone features
- Point-&-click call management includes selective/automatic forwarding, find me/follow me features
- Additional product and efficiency benefits derived from custom features

### > COST COMPARISON



### Additional Costs Not Reflected In Cost Comparisons

- All PBXs**
  - Software upgrades
  - Lumpy hardware upgrades
  - Training
- Centrex**
  - Internet Access

### Savings with VoIP Services

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	AVERAGE
<b>IP-PBX</b>	71%	70%	69%	67%	66%	69%
<b>TDM-PBX</b>	68%	67%	65%	64%	62%	65%
<b>Centrex</b>	0%	4%	6%	7%	9%	5%



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### > DEFAULT VALUES

#### **VoIP Services**

- Monthly retail price per “seat” (or employee) is \$55 (including 1,000 minute per month Calling Plan)
  - 100% of employees use premium enterprise licenses – these include even more features than basic enterprise licenses
- Prices of VoIP phone sets and % of employees using them:
  - Low - \$180, 0%
  - Medium - \$250, 100%
  - High - \$399, 0%
- CPE installation per station = \$56
- Service activation per station = \$35
- \$0 for each move, add or change (MAC) of stations/users
- T1/DS1 access assumed to be in place
- G.711 audio compression standard is the default

#### **IP-PBX**

- A PRI access circuit is assumed
- \$175 for each move, add or change (MAC)
- G.729 audio compression standard is the default for PBXs
- Ongoing PBX maintenance costs are included

#### **TDM-PBX**

- A T1 access circuit is assumed
- \$175 for each move, add or change (MAC)
- G.729 audio compression standard is the default for PBXs
- Ongoing PBX maintenance costs are included

#### **Centrex**

- \$35 per user (“seat”) for Centrex service, based on national average
- \$60 installation charge per Centrex line
- \$9.50 per month charge for each Centrex voice mailbox
- \$125 for each move, add or change (MAC)
- No monthly charges are included for Internet access circuits (such as T1s)

#### **Business Assumptions (same for all the above scenarios)**

- 12% of employees use the conference call feature
  - Average of 12 voice conference calls per user per year
  - Average of 30 minutes per conference call
  - Average of 4 legs on each conference call
  - 70% of all conference calls are internal
- MACs, based on number of employees, are:
  - 4 system moves, annually
  - 2 system adds, annually
  - 1 system change, annually