

August 7, 2007

Small Firms Sign Up for Internet Calling

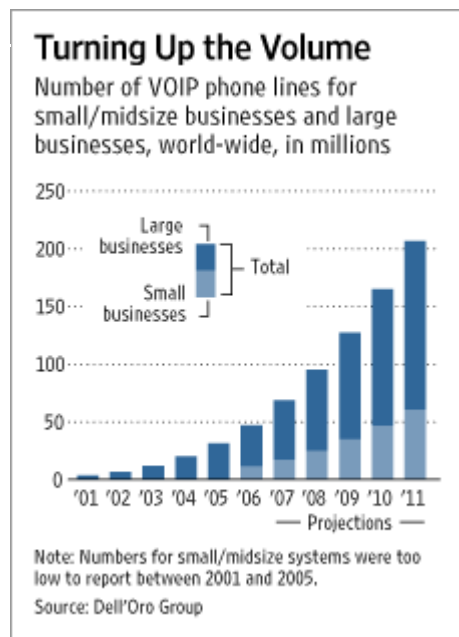
Start-Ups Offer VOIP That's Less Expensive And Easier to Manage

By **BOBBY WHITE**
 August 7, 2007; Page B4

When an 83-year-old steam pipe exploded beneath a Manhattan street last month, Kwitken & Co.'s building was one of those caught in the blast. But business didn't come to a halt at the 23-person public-relations and marketing agency.

Chief Executive Aaron Kwitken quickly had his office's phone service rerouted to employees' cellphones and home phones. Employees worked remotely for a week as their Lexington Avenue building, located just 200 feet from the blast, was used as a staging area for emergency personnel.

The reason Kwitken could keep business going: Two years ago, the company installed an Internet-phone system, which uses the Web to connect calls remotely and to bypass traditional phone lines. "Without the phone system, I don't know how we would have fared," says Mr. Kwitken.




Since its introduction in the late 1990s, Internet-telephone service has been rapidly adopted by big businesses. But small and midsize counterparts have lagged behind. That is because many of these companies often ran into snafus with their Internet-phone service, also known as voice over Internet protocol, or VOIP. Now, that is changing as more small and midsize businesses come around to the technology.

VOIP essentially merges data and voice services onto a single network, eliminating the cost of maintaining separate lines for phone calls and the Internet, and also saving on long-distance-calling costs. But because the Internet wasn't originally intended to carry phone calls, calls that travel over an Internet network can have degraded quality. Small businesses, which typically don't have advanced networking equipment, used to be put off by such problems. Many also realized they needed a dedicated staffer to run a VOIP system, which added cost.

Many of these hurdles are being solved by new companies such as M5 Networks Inc., Fonality Inc. and Digium Inc., which were set up expressly to help small and midsize enterprises with VOIP. These start-ups typically offer inexpensive "open source" Internet voice services or allow companies to outsource their communications, at a fraction of the price larger equipment providers like **Nortel**

DOW JONES REPRINTS

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: www.djreprints.com.

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now.](#)

Networks Corp. and Avaya Inc. might charge.

"Deploying VOIP can be challenging for small businesses," says Alan Weckel, an analyst with Dell'Oro Group, a Redwood City, Calif., market-research firm. Overall, of 47.1 million Internet-phone lines deployed by businesses world-wide, just 11 million are in small businesses, says Mr. Weckel. He projects that will increase to 46 million small businesses by 2010, especially because Internet-phone service can save companies hundreds of thousands of dollars annually.

STS Holdings Inc., a staffing agency for the aerospace industry, is a small company that recently decided to use one of the new VOIP start-ups to install Internet-phone service. With about 50 employees, the Jensen Beach, Fla., agency operates a call center where it manages about 2,500 calls a day and paid about \$5,000 a month for long-distance calls. Last year, STS decided it wanted to lower its phone costs and began looking for a replacement phone system. The company also wanted a system that allowed agents to field calls at home.

Rob Wire, STS's director of information technology, began looking at VOIP. "I wanted to carefully step into VOIP because there was some concern about the quality of service," says Mr. Wire. "But maintaining our old system and the monthly cost were becoming a hassle."

Mr. Wire ultimately asked Fonality, of Los Angeles, to install a VOIP system, which cost about \$40,000. That was a third the cost of systems offered by others, he says. He adds that he was attracted to Fonality's VOIP system because it is open source, which means customers can view and modify the programming instructions used to make the product, allowing developers to alter the software to add functions that are specific to their business. The new phone system has cut the monthly cost of long-distance calling to about \$1,500, says Mr. Wire.

MORE

1
Read more about the technology that businesses use at the [BizTech Blog](#)².



While VOIP can save on calling costs and add more sophisticated functions to office communication, it still has its problems. The systems can be susceptible to hacking, and many security features used to protect Internet service have to be altered to secure a system that merges data and voice. Sometimes voice and data compete for bandwidth, because voice files are larger than email and other typical Web data traffic. If a business doesn't allocate bandwidth for the larger files, the network could slow down drastically.

Write to Bobby White at bobby.white@wsj.com³

URL for this article:

<http://online.wsj.com/article/SB118644273421589792.html>

Hyperlinks in this Article:

- (1) <http://blogs.wsj.com/biztech/>
- (2) <http://blogs.wsj.com/biztech/>
- (3) <mailto:bobby.white@wsj.com>

Copyright 2007 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.

Related Articles from the Online Journal

- [Personal Technology](#)
- [NTT to Expand Offerings In Bid to Achieve Growth](#)

Blog Posts About This Topic

- [Looking For The Right VOIP Phone](#) [phonereview.voipmyworld.com](#)
- [Voip Providers Review" Choose The Best One For Your Business](#) [voipbroadband.voipmyworld.com](#)

More related content *Powered by Sphere* 