

Corporate enterprises could save millions with VoIP systems, says Analysys

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- Up to 49% shaved off operating expenses if enterprises switch to PBX on IP platform
- But benefits rather than cost savings will drive the switch to IP
- Service providers vying for slice of EUR7.4 billion IP voice market: hosted iPBX services look attractive to incumbents, IP carriers and MAN providers
- Incumbents in strong position but risk losing 45% of VoVPN and PBX sales if they fail to embrace VoIP

CAMBRIDGE, UK, October 15, 2002 - Corporate enterprises could save millions of Euros by migrating their traditional private branch exchange (PBX) voice systems to packet-based systems on an Internet protocol (IP) platform, according to a new report released today by Analysys, the global adviser on telecoms and new media <http://www.analysys.com>

The report - IP Voice Services: the return on investment for European service providers - reveals that enterprises (of 500-plus employees) could shave up to 49% off operating expenses and save 32% overall by investing in an IP-based PBX. Similarly, companies opting for a hosted iPBX system could save 15%. The savings were calculated based on the ten-year life of a traditional PBX. (A table showing capex and opex of the enterprise for different voice systems as a ten-year net present value (NPV) is available to journalists on request.)

"The case for enterprises to migrate to VoIP is finally demonstrable as our model and case studies clearly show," says Margaret Hopkins, author of the report. "VoIP technology is becoming more mature and there are significant return on investment opportunities for large enterprises and consequently for the service providers offering these systems."

However, it will be the added values rather than cost savings alone that will provide the incentive for organisations to take the risk of migrating their mission-critical voice systems to IP, according to the report. These added values include hot desking, increased mobility, unified messaging, speech-to-text and text-to-speech capability, improved security, resilience and redundancy, integration of voice system and databases, time zone flexibility, free inter-site calls and reduced cabling costs.

"While some of these benefits may be available from modern PBX systems," adds Hopkins, "VoIP systems will tend to be simpler and can be managed by IT staff. Contact centres, in particular, are likely to benefit from the greater ease with which voice and data can be integrated in a VoIP system."

Service providers in Europe, namely incumbent operators, IP carriers and metropolitan area network (MAN) providers, are each vying for a slice of the corporate VoIP market, which is forecast to reach EUR7.4 billion in 2007 according to Analysys' 'high-case' scenario. This forecast includes EUR1 billion from multimedia conferencing and EUR600 million from offering hosted iPBXs. The key question is whether there is a business case for service providers to offer iPBX services.

"Assuming service providers can keep the costs of extending their billing systems and implementing the associated service management capability to within the EUR2 million range then providing hosted iPBXs would be profitable," adds Hopkins. "Our calculations show that a hosted iPBX offering can pay back an overall investment of EUR3 million within two to three years, at a rental of EUR15 per seat."

Incumbent carriers are in a strong position in this market due to their existing customer bases and coverage in their home countries and could gain a 30-40% share of the VoIP VPN (virtual private network) market, says Analysys. By offering iPBX systems they may cannibalise their legacy business in the PBX and TDM (time division multiplex) voice markets. However, if they do not enter the VoIP market in the early stages, they risk losing up to 45% of their corporate voice business.

Written by Margaret Hopkins, the report looks at the business case for a multi-site corporation migrating to an iPBX system and examines the business case in detail for incumbent operators, IP-based carriers and MAN providers providing hosted iPBX and associated value-added services. The return on investment models developed for the report - which can be customised by enterprises and service providers to their own situation - are available for purchase.

For more information, telephone Analysys on +44 (0) 1223 460600 or email research@analysys.com. Alternatively, visit the Analysys Online Store at <http://www.research.analysys.com>

About Analysys <http://www.analysys.com>

Analysys, the global adviser in telecoms, IT and new media, works at the forefront of the communications revolution, delivering advice and insight to established and new entrant players. From offices in Cambridge, London, Glasgow, Madrid, Milan, Paris, San Francisco and Washington DC, Analysys staff provide strategy and systems consultancy, conferences, information services and start-up support to the companies that are creating the networked economy. Analysys Research reports and database services provide authoritative coverage of this convergent industry, based on an unrivalled ability to fuse real-world experience, rigorous research and forward-looking analysis.

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