

Hosted Telecommunications Services Improve Your Customer Service and Your Bottom Line

*Factors to consider for the successful deployment
of enhanced telecommunications services
for businesses and service organizations*



Hosted Telecommunications Services Improve Your Customer Service and Bottom Line

Whether you're a new business, growing your existing business beyond your current phone system's limits, or looking for a competitive edge, the new breed of Web-based call response management services deserves careful consideration. These services are typically referred to as hosted communications or hosted telephone services. From easily set-up Toll-free numbers and music-on-hold to low-cost, extremely flexible automatic distribution of calls among local and remote employees, hosted telephone services are the lowest cost, fastest way to get a reliable and full-featured phone system – as little as \$15–\$25 a month can get you up and running with a reliable provider and a bundle of useful features.

Identifying your telecommunications priorities

The single most important principle to keep in mind when you are ready to invest in any new technology is its strategic importance to your business mission. Top priority in your business should be to acquire only that technology that immediately helps you impress your customers, control your costs, and support your longer-term strategic objectives. This means that no technological innovation is going to be of immediate benefit to your business unless it supports all three of these goals. Do NOT get caught up in feature descriptions until you have a clear sense of exactly what you want your investment to do for your company.

In the current telephone services market, this principle is particularly critical; with too many choices available for anyone but a telecommunications specialist to comprehend, it is easy to be overwhelmed. You may have heard of

hosted communications services or “virtual PBX” providers, or you may have seen advertisements for cost reduction achieved through VoIP phone service. But how should you make sense of these? Whether you are just starting a business, experiencing growing pains, or looking for a competitive edge, the principles of phone system selection will be fundamentally similar:

- 1) Assess your needs — what are your company’s primary objectives, and what do you need from your phone system to support these?
- 2) Evaluate whether any of the recent telecommunications technological innovations will directly contribute to your company’s ability to meet your strategic objectives
- 3) Identify basic principles on which to select a provider. Determine which of the touted features might be useful to you. Finally, minimize risk by avoiding systems that will require massive switching and training costs.

At the most basic level, your company’s needs for telephone service are likely clear — whether you need a single line or many, toll-free numbers or local area codes, you need as close as you can get to 100% “up-time” of your phones. With phone service “out” for any reason, your customers and prospects can’t reach you, and you and your employees may find yourselves suddenly cut off from critical vendors, partners, or customers.

Additionally, your ability to exceed your customers’ expectations every time they talk to you or your employees requires that you provide tools that keep your employees happy, productive, and confident in their ability to help your customers. This means minimizing the hassles and organizational stress associated with technology upgrades. This means making sure that your front-line staff isn’t struggling with technology when they should be 100% focused on solving a customer problem. To be specific, if you want your employees to feel confident in their ability to exceed your customers’ expectations every time they talk to them, you empower them with an easy-to-learn, friendly telephone system that gives them features that help them help your customer.

Keeping yourself focused on your customers and your bottom line also means that maintenance or software upgrades should not affect your business operations. If your phone system puts you at the mercy of its vendor’s corporate bureaucracy every time you need to make adjustments to ensure that its capacity and features grow with you, you are needlessly ceding your competitive advantage. No matter how fancy the bells and whistles that you may be promised, you cannot afford downtime or multi-day (or week!) waits

for training for you or your staff, whether you're first setting up your new system, or need an upgrade or capacity expansion.

Finally, you need a pricing structure that works with you. Options exist today by which you can gain access to an impressive array of telephone features with none of the up-front investment in the hardware or software that would have been required 5 years ago. In addition, some will let you add features in bite-sized bundles or individually, as your company grows into needing them. This is another useful way to prevent being left holding the bag of a large capital outlay for technology you turn out not to need.

Technological advances in telecommunications over the last several years have given rise to a significantly different model of phone system: web-based, fully hosted telephone systems, sometimes also referred to as "virtual PBX systems." If you've heard of a PBX, but aren't sure exactly what it means, you're not alone. A Private Branch Exchange used to refer to the monstrosity of a hardware investment that giant corporations made in order to get access to fancy corporate features like internal extensions (cheaper to dial than external), call forwarding, conferencing from desk phones, etc. The upfront costs, which started in the tens of thousands of dollars and climbed up from there, put these systems solidly out of reach of small businesses. Now, however, all of the same features and more can be supported by software alone. Hence the birth of the new industry of hosted phone systems, served up at extremely reasonable cost by many different vendors: some existing industry players, and a growing number of newer providers.

Hosted telephone systems and why you might want one

To understand the basic concept of what is meant by "hosted telephone services," consider your company's email. Unless you're quite large, a technology company, or a serious programmer, you probably don't manage your own email server. You are far more likely to take advantage of a "hosted email provider," like Yahoo!, AOL, Google, or one of the other, smaller-named companies who will assign you your own domain name. These providers manage all of the back end support to ensure that your email address "just works," and you pay them a monthly or yearly fee. Similarly for phone systems, what really matters to your business is, in fact, the service — there is no real value to you in having on-site hardware and telecommunications

experts required to support it. Your business needs the phones and a few business-critical features to “just work.” Hosted telephone services give you the freedom to pay for the service you need, without the headache of back end maintenance.

Searching for “hosted communications” yields a daunting list of potential providers and an almost absurd jungle of acronyms and feature descriptions that can all-too-easily paralyze your purchase decision. By now, however, you know exactly which questions to ask to separate the wheat from the chaff, and they apply to the technology equally as well as to the features and services. Do hosted phone systems pass the critical benchmarks of simplicity, ease of use, reliability, and reasonable price? Most importantly, does this technology support your core business objectives? Will hosted phone systems make it easier to impress your customers, control your costs, and support your longer-term strategic objectives? And can these questions help simplify the subsequent task of sorting out which of the many possible vendors and solution bundles might suit your needs most effectively? (Sneak preview of the answer — Of course! And it doesn’t have to be nearly as complex as it appears!)

The first order of business is to evaluate hosted telephone systems in their ability to provide the previously identified baseline phone system characteristics as they pertain to hosted communications:

Reliability

Hosted telephone services allow you to be up and running without specialized hardware. Because your phone system is run by software at your provider’s site, your system setup and call reports are tracked and routed with the provider’s equipment. Usually, this is a very good thing. Their business depends solely on their ability to deliver services all the time, every day. However, a little due diligence is still needed to ensure they have appropriate plans and coverage in case of interruptions in their own service.

The more established hosted service providers have multiple data sites and voice systems in place, and use Tier-1 carriers. These are the highest-grade local and long distance carriers. Their proven track records are the best the telecommunications industry can deliver.

Finally, another good sign of a reliable service provider is one whose systems are monitored 24x7. Some hosted service providers may charge a maintenance fee for this monitoring, but the best include this added level of support in their service plans.

Simplicity and ease-of-use

Industry standards for what this means still do not exist, but the parameters that will have immediate impact to your business are as follows. First, sign up and configuration of your system should be rapid. Installation of extra bits of software on every employee's computer, complicated procedures to connect your company to your provider through virtual private networks (VPN) or managed broadband connections, specialized telephone hardware requirements, or multi-day (or longer) wait times while you rely on the vendor's organization to configure your system are all red flags, and indicate a system that is going to be complicated to maintain. The easiest systems are web-accessible and configurable, do not require onerous lags to get you up and running, and, if there is any possibility of a need for help, come with generous support programs.

Second, once your system is configured, the best programs should work with the phones you already have. Access to the system should go through a simple, uncluttered user interface. Ideally, you and your users should be able to make simple configuration changes from your phone or the web, and most — if not all — foreseeable changes should be possible to make on your own, without additional consulting fees or time from your vendor. Unless, of course, you want it, in which case they should make themselves available.

Finally, your new phone system will come with some kind of interface — whether you get a set of tools configurable from your phone's dial-tone or a website with a login, or both. These interfaces are the primary way that you and your staff will interact with your new phone system every day. It is absolutely paramount, then, that they be simple, friendly, and easy to use themselves. A prospective customer who dials your number, to be told that, "*I think I can transfer you... but I'm not sure it's going to work...*" is not getting an optimal first impression. Similarly, an employee who is intimidated by his phone features is not going to be giving the customer on the line his undivided attention.

Pricing

As we have already mentioned, the flexibility and scalable nature of hosted phone systems mean that as little as \$15 to \$25 a month can get you up and running with a reliable provider and a bundle of useful features. With minimal up-front capital investment, these systems represent an extremely low-risk commitment. Those that offer no-risk trials represent an excellent way to test out the system for compatibility with your organization, and frequently can provide you with fully or nearly fully customized solutions right away in order for you to make a well-informed evaluation.

Next, evaluate how and whether a hosted phone system will support your core business priorities efficiently and effectively...

Using hosted telephone systems in support of your core business priorities

Customer satisfaction

One of the primary strengths of small companies relative to large ones is their ability to tailor their customer service to customers with whom they have personal relationships and intimate knowledge. Leveraging this natural advantage to its fullest extent becomes increasingly important as global supply chains and use of the Internet enables truer competition between small and large companies on contracts and deals of any size. Large companies may have natural advantages in pricing leverage and networks, but customers of all shapes and sizes frequently continue to prefer responsive partners and vendors who can provide individualized service.

Hosted communications systems give you the flexibility to serve information and service your best customers whenever and however it is most convenient to them — and you. With key phone functionality such as call forwarding and on-demand conferencing available to and from any phone, hosted systems give your employees the ability to respond to customers from anywhere. New employees can get up to speed quickly and with confidence, knowing they will be able to consult their colleagues or perform “warm” transfers (when a caller is transferred to another employee directly, with the first employee still on the line to introduce him). Customers instantly feel the confidence that comes

with dealing with an established, professional company when they can reach the service or sales personnel they need, whenever they choose.

The unprecedented capacity to treat any phone, anywhere in the country as part of your phone network gives you freedoms you may not even have considered. Are there candidates you'd like to hire but whose geographic distance has made you reluctant? They can be included in your phone network in seconds with a virtual, hosted phone system — and thereafter as connected as if they were in the next room. This means that you can hire the right person to serve your customers, no matter where they are. Your calls can be distributed among your local and remote staff, and the arrangement is completely invisible to your customers.

More advanced features that help customers get to information they need, quickly and efficiently, can help you satisfy a far greater number of callers than you might otherwise manage. Are you a real estate agent or property manager fielding large numbers of common inquiries? Having an automated attendant with a well-designed set of menu options can make life much easier for your customers, who no longer need to listen to a multi-minute outbound voice-mail announcement before leaving a message for you. Are you a school, church or other non-profit making one phone line stretch to provide a number of callers with very different information needs, such as volunteers, staff members, prospective clients of your services, etc.? An automated attendant is now a very affordable way to scale your information delivery in a manner convenient to the callers you serve.

To reiterate the point, the exercise in selecting your phone system is to find the system that most effectively supports your customers and your business objectives. To quote Hewlett-Packard's Director of Design and Brand Experience, Sam Lucente (Business Week, November 2, 2005):

Largely in the tech industry when we talk about innovation, it's about the next cool gadget. But more and more we're beginning to talk about -- hey, we got all the technology we need, we got all the functions and features we need, I want this stuff to work. I want it to do what I want it to do, when I want to do it. And to innovate around that customer experience -- to make things simple -- is really complex and difficult.

You need to use exactly the technology that makes your customers' lives and the lives of those who serve them directly, easier — nothing more, and nothing less. Given the rate at which you likely use your phone to serve your customers, this is clearly the area in which optimizing your investment in the right innovative technology is going to pay off.

Flexibility and Agility

Once again, there are 2 key areas in which you need your phone system to be as flexible and as agile as possible:

- 1) How quickly, easily, and cost-effectively can you get your solution deployed?

If you've read this far, you are likely developing a clear sense of how a hosted telephone system will help your business grow. Once you make your decision to make this change, you will want to get up and running as quickly as possible. Systems that are "fully hosted," but require specialized software installations or specifically dedicated hardware may take days or even weeks to get through the necessary needs assessments, purchase cycles, and configuration before you can so much as receive your first voice-mail. 100% web-based hosted systems, by contrast, can usually be completely configured to provide you identical or more feature sets in days, if not hours.

In addition, the low up-front investments that web-hosted phone systems involve usually mean that making a switch is extremely low-risk. You can sign up now, be up and running with your full-featured phone system this afternoon, and then, if you don't feel you're reaping the benefits you'd anticipated, get a full refund of any fees you've paid at the end of the month.

- 2) How well can your solution grow with and adapt to your business, whether the changing conditions are external and beyond your control, or the result of your own strategic shifts and business growth?

Your business needs can shift quickly, and when they do, you need your tools to shift with you — effortlessly, cleanly, and with solid support from their vendors to back you up. Having a phone system as agile as your company means instant access to basic configuration changes that you can manage yourself — without relying on your vendor to make complicated changes or upgrades that can cause days of delay. It means having the ability to add features to your system as they become available or you identify new business needs and opportunities — without incurring downtime for your employees

while they wait for remote software upgrades or training to help them manage a complex system. Finally, it means being able to react quickly to unexpected hurdles such as business interruptions from natural or man-made disasters. The best hosted phone systems help you manage all of these challenges and more, without faltering.

Have you thought about offering flexible hours or telecommuting arrangements, but worried that employees with heavy, phone-dependent responsibilities will be unable to be productive? With a hosted, web-based phone system your sales team can sit in Duluth, Portland, Tallahassee, or in a home office down the street and have access to exactly the same phone features as you do at your desk, as well as being integrally connected to the team members who sit on-site. (With detailed phone activity reports, you get even better real-time insight into their productivity than you have with your traditional phone system today and local employees!) Maybe your business is largely mobile, with key employees in the field, forcing you to have a physically stationary dispatcher in order to manually forward and distribute incoming calls. The right hosted phone system can reduce or even eliminate the need for these call transfers, which in turn prevents irritating hold delays for your customers. (see the “ABC Bonding” case study that follows for an example.)

Beyond this, however, consider how your system will help you get up and running in the case of a major disaster or business disruption — do you have specialized hardware on-site? How quickly and from where will you be able to restore your communications and customer service? To some small businesses, major disaster preparedness may seem a distant priority. This may be less true under today’s uncertain circumstances, but smaller scale, micro-emergencies happen every day to most small and medium-sized business owners.

Having a robust communications system and fail-over plans improves your company’s security through both regional disasters and your daily managed chaos equally effectively. Trying to stem the contagion of flu season by letting people work from home? Make sure your telecommunications system lets them be just as productive there as they are in the office. Need the flexibility to recruit talented phone agents from across the country? Simplify your life by minimizing the need for remote software installations and hands-on training, which can and will bog you down in logistical details and keep you distracted

from what should be your focus — your customers and your business growth. Have an unexpectedly successful direct mail campaign that ramps up your need for inside sales agents? Make sure your phone system provider isn't going to make you wait a week for additional extensions, capacity upgrades, or training — how many sales leads will you lose while your system upgrades are in progress?

A robust, well-designed and fully hosted telephone system provided by Haloo Communications, Inc. helped the Louisiana SPCA restart operations quickly after Hurricane Katrina simultaneously crippled the Gulf Coast region and dramatically increased the demand for SPCA services. For additional detail on this story of agility and resiliency supported in large part by a hosted phone system, see the case study below.

Key features to look for

Once you've established your consideration set of vendors, based on service reliability and ease of use, here are some of the key terms and features that will help you sort through the options:

Web-based management

Hosted telephone systems share the same main components as a standard Private Branch Exchange: Interactive Voice Response (IVR), Automatic Call Distribution (ACD), and multi-line call management. The IVR and ACD work in conjunction to efficiently direct the caller to the representative in the company who can provide the best service. The IVR greets the caller and guides them based on the purpose for their call, while ACD routes callers to the appropriate work group and alerts the best available person to meet the caller's needs.

Multi-level Interactive Voice Response (IVR)

IVR systems can be modified to serve a variety of functions. The most basic IVR may simply greet callers and ask that they press '*' to leave a message or wait for the next available representative. Hosted PBX systems allow the business greater flexibility in customizing their IVR, usually without relying on your own in-house, full-time IT professional or telecom services engineer's assistance. Also, depending on the hosted service provider, changes to the IVR

of a virtual PBX can take days, or even weeks less than with traditional PBX providers.

Automated Call Distribution

ACD controls how callers are routed as they navigate through the IVR. Hosted solutions typically offer two types of ACD: Hunt Groups, and ACD queues. Hunt groups allow calls to quickly roll over multiple extensions to find the first available extension. ACD queues offer more intelligent call routing, and allow best agent selection by different methods. The best hosted phone systems will give you real-time access to a variety of agent selection methods for maximum flexibility.

Multi-line call management

Multi-line call management involves linking the caller's IVR experience to the proper party within any business. This may include placing calls on hold, transferring, and conference calling. Each extension in the virtual PBX system also includes voice-mail management and individual call forwarding preferences. Some virtual PBX service providers also offer more dynamic call management features, such as queued call pickup and call monitoring.

Pricing and service structure

Some hosted phone systems require long term contracts, similar to traditional wireless telephone service providers. These providers charge between \$200-300 for license seats, not including usage, or service maintenance. There are, however, a few vendors who deliver great value systems, including support for as little as \$15-25/month.

One sales tactic to note: some companies will sell you a “fully hosted” solution whose underlying technology is identical to the unwieldy, physical PBX (“Private Branch Exchange”) hardware traditional telecommunications companies sell to large corporations. In these cases, although you will save the management headache of having specialized hardware at your company site, you may be charged significant costs up-front to cover the service provider's cost of purchasing hardware. The most “virtual” of the hosted systems will buy and maintain the hardware to support your service, but will charge you only as you go, based on the plan features and minutes that you use. Make sure that the vendor clearly states your out-of-pocket costs up-front, to ensure you won't be hit with big surprises once you start to get set-up.

Voice over Internet Protocol (VoIP)

VoIP phone systems are likely to be the wave of the future — with enormous global bandwidth to support voice transmission over the web, VoIP promises extremely low cost international phone service, and many folks are customers already. But how seriously should you consider making the switch to VoIP for your company? To answer this question, return to the fundamental question — will it help you serve your customers more effectively? And to what extent does your adoption or non-adoption support your long-term business objectives?

These answers obviously depend to some extent on your exact business circumstances: will your company benefit significantly from the lower per-minute international costs of this kind of phone service? Perhaps. But there's a good reason why many of the leading industry providers of telecommunications solutions are not switching entirely to VoIP services just yet. Reliability and call quality is still not up to par with your existing telephone service. If you make primarily extended international calls and your current primary phone expense comes from the length of this kind of call, you might want to give VOIP a serious look. However, if you want the industry gold-standard in terms of avoiding unexpectedly dropped calls and spotty service, you will want to stick with traditional voice providers for another year or two at least.

How to ensure that the cost savings and flexibility of VOIP don't pass you by when the reliability catches up? Choose a provider that can switch the underlying carrier of your voice calls on the back end, without requiring you to make hardware changes or distributed software upgrades. Your fully hosted, web-based phone system will be able to switch you over seamlessly when the quality of service improves sufficiently. In short, fully hosted, web-based solutions are your best insurance.

Case Studies

In order to illustrate the advantages of a hosted phone system, we share with you the profiles of two organizations of very different types who have recently made the switch from their traditional phone system to hosted systems: The Louisiana SPCA, and a highly competitive bail bond business.

Case Study 1: The Louisiana SPCA

The Louisiana SPCA was one of many businesses in the Gulf States that turned to hosted solutions when faced with a catastrophic business disruption. In a matter of hours Hurricane Katrina left the LA-SPCA without a office for their emergency animal rescue efforts. Their dispersed staff (only 4 of the 50+ pre-hurricane staff remained in the area after mandatory evacuations) scrambled to re-establish communications, while tens of thousands of pet owners called phone lines that were submerged under water, ringing to no one.



The LA-SPCA Halo Office plan enabled SPCA staff to publish their new Toll-Free hot line on their website within hours. The multi-level self-service menus and smart call-forwarding system enabled the SPCA to communicate effectively with a broad array of callers, despite far fewer local employees to answer phones. Residents had instant access to answers to directions on how to report strays or abandoned animals, pet owners got immediate information to help them find lost pets, and staff could retrieve specific emergency status updates. Critical calls could be forwarded to available staff members and volunteers, wherever they were located, as staff members were each able to receive calls on their mobile phones.

Message notification also sent phone users email or text messages when urgent voice-mails arrived — a very useful feature when cell phone coverage is spotty in the wake of a disaster. The organization maximized volunteers' phone time with a "hunt group" set up to roll calls automatically to the first available dispatch line. This allowed more callers to get through to someone who could answer their questions as quickly as possible.

When an alternate shelter was established 2 weeks later, the LA-SPCA entered new local land line numbers into the system over the web, and their multi-line dispatch center was connected to their phone system in minutes. The transition from the distributed, emergency ad-hoc network of mobile phones to an office-based set of land lines caused no disruption to customer service at all.

A subsequent move into more permanent space could be handled entirely by a volunteer, over the web - once again, no service interruption, no multi-day (or week!) delay waiting for an overburdened vendor, and no hardware or software to coordinate.

The Halloo Office hosted phone system has eliminated the complexity typically associated with telephone service restoration, and allowed the Louisiana SPCA to focus on its critical mission of supporting the region's animals and pet owners through their recovery from this unprecedented disaster.

LA-SPCA Service Overview

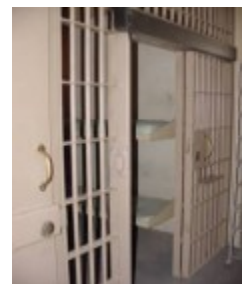
Plan type: *Halloo Office Premium*, high capacity

Features used:

- Toll-Free number
- Multi-level IVR
- Multiple-user Extensions
- Web-based Voice-mail
- My Halloo Web
- My Halloo Dial-tone
- Find-me/Follow-me Call forwarding
- Automatic Call Distribution — Hunt Groups
- Email notification
- Call Hold and Transfer
- Instant Conferencing

Case Study 2: Hosted services give competitive edge in cutthroat industry

ABC Bonding[1] has created a “virtual franchise” bail bond operation. Without increasing human resources, ABC now serves multiple counties, seamlessly and efficiently. ABC previously used a live answering service, which it shared with its competition. The cumbersome process of call transfers was progressively choking its growth, and keeping ABC from getting ahead in the marketplace.



Now ABC uses Halloo Communications, Inc.’s hosted call management system. Their simple IVR setup filters callers by their originating area code, and rings directly through to the assigned operator — thereby eliminating what would otherwise have been a transferred call for the customer. ABC uses multiple Toll-free numbers and Automatic Call Distribution (ACD) queues to handle more calls with fewer operators. A critical advantage in the bail bonding business, where potential customers are unlikely to be inclined or have the time to get a voice-mail message returned!

Team efficiency improved among the dispersed staff with complete enterprise functionality extended to their cell phones, including the ability to transfer and conference calls. Since employees spend much of their time in the field, the ability to communicate this flexibly is critical. Detailed call reports are an added bonus, as they provide an extra edge in tracking down ABC’s hard-to-find targets.

Finally, ABC saved significant time and costs it would have incurred had it been forced to purchase and maintain expensive PBX switches or call monitoring software, it will be able to expand its telephone services “on the fly,” and the whole system was up and running in a matter of hours.

The verdict? “We’d recommend [hosted solutions] if we could, but our industry is very competitive. [Halloo] is our little secret,” says this sharp entrepreneur.

[1] Company name withheld at owner’s request

"ABC Bonding" Service Overview

Plan type: *Halloo FlexCall Manager*

Features used:

- Toll-Free numbers
- Multi-level IVR's
- Multiple-user Extensions
- Web-based Voice-mail
- My Halloo Web
- My Halloo Dial-tone
- Intelligent Call Routing (ACD queues)
- Find-me/Follow-me Call forwarding
- Call Monitoring
- Live Agent Console
- Supervisor Console
- Call Hold and Transfer
- Reporting and Analytics
- Instant Conference

Conclusion

In conclusion, finding the easiest reliable, reasonably priced hosted phone system that can have you up and running as quickly as possible should not be as difficult as it might seem. Keep your focus tightly on finding a solution with characteristics that help you serve your customers, make sure it's flexible enough to grow and change with you as your needs evolve, and get back to doing what you do best — running your business!

About Halloo

Halloo Communications, Inc. is a leading provider of Hosted Communications services for businesses, help desks, and contact centers. Our innovative solutions provide instant ROI with intelligent call routing, agent and supervisor consoles for dynamic call management, monitoring and recording, as well as unified messaging abilities. Halloo service plans deliver high-profile call system features for a wide range of organizations and operating budgets.

Founded in 2002, Halloo is privately held and headquartered in South San Francisco, CA.

More information about Halloo services and features can be found at www.halloo.com.

www.halloo.com

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