

How to beat the big guy

A small solution provider was up against Bell Canada to replace the phone system of a charity. Voice over IP technology helped give it an edge

BY HOWARD SOLOMON

As the popularity of voice over IP technology expands it will inevitably become commoditized.

But that doesn't mean slashed margins.

A little Ontario VAR believes that by offering businesses of up to 250 desktops a range of telephony services VoIP can be a profitable enterprise.

On Target Telecommunications thinks its work for the Toronto branch of Goodwill Industries proves the point.

Last year the charity decided to divide its operations into two offices in the city some 20 kilometres apart and asked On Target, which managed its Nortel PBX system, and Bell Canada, the service provider, to put together quotes on linking the two sites.

The existing system "was obsolete" and no longer supported by the manufacturer said Chris Pantagiopoulos, Goodwill's manager of information systems.

Headquartered northwest of Toronto in Campbellville, On Target is a five-person solution provider headed by Grant Mitchell, which has been managing corporate PBX systems since 1993.

But three years ago it added VoIP products from 3Com. Initially the technology needed a long sales cycle, said Mitchell, but less so today.

Both On Track and Bell felt VoIP, which would take advantage of a high-speed data network, was a good solution for Goodwill.

"If we eliminated the cost of the telephone cabling, eliminated the cost of the (PBX) system at the new loca-

tion and the hardware and the re-engineering of their existing system, and took out the monthly cost of the special voice-only circuit between the two buildings and sell the existing (PBX) hardware, they could afford a voice over IP solution," said Mitchell.

"And the payback was slightly less than a year."

Bell's solution, built around gear from Cisco Systems, was similar, but more expensive. Another factor was Goodwill's dissatisfaction with Bell's service.

'Won on solution'

Pantagiopoulos wouldn't provide details, but Mitchell said that "on price we were the winners. But more importantly, on the solutions side we were providing them with everything they needed now and down the road."

"I believe they bought into our solution and then they bought into our price — plus the confidence they had in us for being their telecom service provider for as long as we had."

The package involved the installation of 120 3Com telephones which had to be programmed, a console for the receptionist, a call processor (which included a PRI circuit card and three analogue terminal cards for receiving faxes), nine edge switches and all the necessary software.

Goodwill's routers were good enough to be brought over. Eighteen kilometres of cabling was installed in the two offices.



PHOTO: STEPHEN UHRANEY

Grant Mitchell of On Target Telecommunications

On Target also trained Goodwill employees on the new system, and had a technician on site for two days after Goodwill moved into the new offices.

Pantagiopoulos said it went smoothly, except for one glitch: A security system took lines from the VoIP network, which took time to fix.

"VoIP provides us with a wonderful opportunity to increase our revenues and go back to solutions selling," Mitchell.

"We've identified a niche. We're looking for companies like Goodwill that will allow us to present our solutions." |

GOODWILL INDUSTRIES

Problem: Replace outdated PBX, link two offices

Solution: VoIP

Project: Install 120 phones and wiring