

# Hosted PBX in a Nutshell

## Market Opportunity

Hosted PBX is the fastest growing SMB service today, with the global market expected to more than double in the next five years, reaching \$6 billion. The primary reason for this rapid growth is that the cloud has made it much easier to offer hosted PBX to SMBs, opening the proverbial floodgates of adoption.

Voice services are the number one IT expense for small businesses, so it should come as no surprise that mass adoption will occur rapidly. And because many small businesses have no sunk costs in existing infrastructure, the decision to move to the cloud is that much easier for them.

## Parallels Automation Makes it Easy to Resell Hosted PBX

There's no doubt that hosted PBX can be a complicated service to host and sell. However, Parallels makes it much easier by fully automating billing and service management. With the APS packaging standard and our PBX module, you can set up intuitive workflows that automatically provision hosted PBX services, enabling the appropriate features for each category of user.

There are also strong reasons to add hosted PBX to your portfolio of cloud services. For example, the churn rate for hosted PBX is between three and five years, making it one of the stickiest services for SMBs available.

If you offer hosted PBX as part of a bundle, you'll find it easier to attract SMBs to this service. For example, you might combine it with business-class email (hosted Microsoft Exchange), collaboration tools (hosted Microsoft SharePoint), and instant messaging (hosted Microsoft Lync) for a complete hosted communication and collaboration solution.

## What Are SMBs' Purchase Triggers?

Some of the factors that can motivate SMBs to change to a hosted PBX system include:

- **Cost savings.** This one seems obvious, but the hosted PBX system needs to cost less than the hardware, software, and personnel costs of an on-premise system. Our sales engineers now have a TCO calculator available to help you compare the TCO of our hosted BroadWorks solution with various popular on-premise solutions.
- **New business.** New businesses have the lowest barrier to adoption, as they may not have any sunk costs in an in-house PBX system. Leasing agencies, attorneys, accountants, and small business agencies may be able to provide you with lists of new businesses.
- **Dated or failing existing systems.** On-premise systems do run their course in terms of functionality, scalability, and lease terms (many businesses lease their PBX system). Therefore, one of the first questions in an email or phone campaign should be about dated systems that could use an upgrade.

- **Major change to a business.** Business changes, such as office moves and additions, employee changes, mergers or acquisitions, and expiration of contracts or leases often offer an opportunity to switch communication services and systems.

### Target your Audience with the Right Hosted PBX System

PBX systems available through Parallels Automation include:

- **Cloud receptionist.** This simple in-bound interactive voice response (IVR) system can route calls to any predetermined extension. However, it acts more like an answering machine with routing to departments than like a true PBX. Infracast, which provides click-to-call functionality from a website, is a good example of a cloud receptionist system. Calls are routed to everyone in the sales department.
- **Productivity suite.** The Parallels hosted Lync module can provide voice and PBX as well as presence features. This solution lets you integrate voice scenarios with Microsoft Office applications, such as enabling click-to-call from inside Outlook.
- **PBX replacement.** Customers with an existing PBX solution tend to be very picky, as they have come to depend on certain PBX features. They will want a full-fledged hosted PBX with all of the bells and whistles, such as the BroadSoft BroadWorks module from Parallels. You can use this module either to automate BroadWorks hosting in your environment or to resell the service from one of the Parallels partners that wholesales BroadWorks services.
- **Landline replacement.** Many small and medium size businesses are replacing traditional phone lines with Voice-over-IP (VoIP) solutions, due to much lower prices for VoIP. They are typically looking for the same basic calling features that they have used through the years—911, dial-tone, certain ring tones, etc. However, most VoIP solutions also include IP-PBX features, making them a great entry point for small businesses that don't even realize that PBX features are an option. In fact, landline replacement is one the most promising approaches for selling hosted PBX, as it eliminates most of the barriers to adoption.

### How Can SMBs Benefit from a Hosted PBX System?

Hosted PBX can help SMBs in several critical ways:

- **Lower upfront costs.** In a hosted PBX system, there is no need to purchase any extra hardware, aside from the phones that will be used. The only up-front investment SMBs will make is in the initial cost of setting up the service.
- **Simple maintenance.** With an outside provider managing the PBX system, the SMB has no maintenance burden. Furthermore, a secure website makes it easy to add users, change phone numbers, access voicemail, change voice prompts, or alter any other feature as the need arises.

- **Ease of communication.** Most virtual PBX services host phone, video, and data conferencing, simplifying collaboration among employees.
- **Easy call tracking.** SMBs can access up-to-date call reports via a web account, specifying to whom calls were made, how long they lasted, and start and stop times.

PBX features have always been valuable to SMBs, particularly for firms that rely on voice communications. Now that these features are accessible to SMBs via hosted PBX, growth within the segment has exploded—and it will only continue to increase. Strike now and grow your ARPU before the next guy realizes how easy it is to establish a PBX-based business.