

# Learning curve *completed*

The promise of VoIP has been with us for seven years and hosted VoIP for three or more years – does the model work? Yes, Dave Dadds from VanillaIP tells us why

David Dadds, Managing Director of VanillaIP



Like many companies at the time David Dadds began looking at the hosted telephony market in earnest in early 2003.

A background in Avaya phone systems gave us a better insight into what customers were actually looking for. We have seen Hosted VoIP SPs in the UK disappear from the market because perhaps they were too focused on the technology itself.

After much research we decided to purchase our own hosted telephony platform in December of that year. Over the next two years we developed the platform and user interfaces in order to make sure we had a reliable and easy to use offering.

A lot of our focus and time was spent in developing the provisioning and billing elements. There are thousands of transactions across the platform every day from calls and service changes to new deployments. Getting it right first time, billing it accurately and automating the process as much as possible are critical in making customers self sufficient and reducing re-work for reseller customer service teams.

One challenge when recruiting resellers is that they don't necessarily see the value of the provisioning system when they are evaluating their partner options. Perhaps naturally, they focus on margins and minute rates. While this is important initially, if everything is hand-cranked and all phones have to be configured manually it is impossible to scale quickly.

Developing the platform is an organic process; we are continually looking to add new services such as hosted call centre and hosted call recording, both of which launched within the last 6 months.

The biggest lesson we learnt to that point was that when we bought the software we had only 25% of the total solution. We still had to go out and purchase or acquire the other 75%. Time and money, as always, were underestimated. Knitting these pieces together took another two years' development time

Our intention for the service was for it to be a channel product and before we launched we secured a number of customers on a direct basis in order to seed the market and gain some

valuable reference sites for our channel partners. An added benefit gained here was that this strategy enabled us to fine tune our platform so that we were delivering a fully functional, channel-ready service.

One of our early customers, the Midas Group, came on board with just six extensions. They are still with us today but now have more than six hundred users spread across many sites. Another early multi-site success for us was with Essex Ford from which we developed a case study that went on to win VanillaIP an award at the 2007 Comms Business Magazine Awards.

We then began the process of getting resellers on board. End-users have taken to the concept of a hosted telephony solution with a lot more vigour than most resellers. For the end-user it's a simpler proposition than for a reseller having to consider changing their channel model to adopt hosted telephony in to their portfolio. It is also important to note that our resellers tell us they have won deals that they would perhaps not have been able to bid in with a PBX option.

Three years later we have a growing reseller base. In that time we have seen two distinct end-user markets; 20 extension sites and large multi-site deployments. These customer horizontals have different motivating factors. For example Midas, a large multi-site operation, want to provision everything themselves independent of ourselves.

Users often conceptually understand the hosted solution better than resellers because it's about users and sites not cards, whereas resellers often focus on the technology. With our unified communications and Web2.0 features we often have an absolute advantage over PBX systems where the customer wants application integration, mobility solutions, home working or centralised reception.

Our decision to buy our telephony platform from BroadSoft has worked out very well. Recently BroadSoft acquired Sylantrio and M6 Tekelec. Another element we got right was to specialise exclusively on hosted. It's all we do. We live, sleep and breathe hosted telephony.

Our more successful resellers do the same!