



CLOUD CALLING™



# VoipNow Professional

## Business Case for Service Providers

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## VoipNow Professional on Service Provider Market

VoipNow Professional is a software solution used by different types of Service Providers to offer feature-rich hosted Unified Communications services.

- **Internet Telephony Service Providers** use VoipNow Professional to deliver hosted PBX services to business and residential customers.
- **Hosting Providers** integrate VoipNow Professional with hosting services and take advantage of new market opportunities with Unified Communications services.
- **Infrastructure Services Providers** bundle VoipNow Professional with their dedicated and virtual server offerings.

### VoipNow Professional for Internet Telephony Providers

Internet Telephony Providers use VoipNow Professional to deliver hosted PBX services to residential and business customers.

**Primary target:** Small and medium-sized business customers with one to one hundred employees. These customers use hosted PBX services to improve their internal communications, as well as their relationship with partners and customers. Features like call distribution, digital receptionist, mobile integration, voicemail, and conferencing are available at affordable rates.

- Low initial investment and pay-as-you-grow cloud licensing
- Requires standard x86 compatible servers and Linux operating system
- A multitenant, reseller friendly design that allows providers to define resellers for hosted PBX services
- Cutting-edge PBX features that make the product competitive on any market segment
- Powerful real-time call charging and call routing engine
- Online store, account provisioning, customer management, and recurring billing
- Integration with business Desktop software and Web applications
- Designed for cloud environments, lowest cost per customer in the industry

## VoipNow Professional for Shared Hosting Providers

Not only are Unified Communications services appealing to existing customers, but they also help service providers increase customer retention and margins. In this context, VoipNow Professional's value proposition is both undeniable and unbeatable.

**Primary target:** Small and medium size business customers with up to one hundred employees. These customers want a completely integrated communications environment that includes email groupware, voice, video, faxing, instant messaging, presence, etc. The hosting provider is able to offer a full cloud hosting solution.

- Low initial investment and pay-as-you-grow cloud licensing
- Requires standard x86 compatible servers and Linux operating system
- Integration with leading applications in the hosting market like Parallels Plesk Panel and Open-Xchange groupware
- A multitenant architecture designed to deliver Unified Communications to multiple companies
- Full business and operations automation with VoipNow Automation
- Integration with business Desktop software and Web applications
- API based on web services that allows third-party software to *talk* to VoipNow Professional
- Designed for cloud environments, lowest cost per customer in the industry

## VoipNow Professional for Server Infrastructure Providers

VoipNow Professional helps hosting providers tailor their offer for a highly differentiated market and increase their revenue by selling more servers and Unified Communications related services.

**Primary target:** All businesses that want to have a Unified Communications solution deployed outside the premises of their companies and the legacy PBX system replaced. Such companies usually perform server administration on their own, but the Service Provider can also deliver server management for a fee.

- Low initial investment and pay-as-you-grow cloud licensing
- Can be deployed on regular x86 compatible servers on Linux operating system
- Easy provisioning with ISO images and templates for Parallels Virtuozzo and VMware
- Simple management interface for customers due to the web-based AJAX interface

- Integration with Parallels Plesk Panel – easy up-sale opportunities for Plesk users
- Easy to connect to SIP trunking services in order to sell VoIP traffic and public phone numbers (DIDs)
- Designed for cloud environments, lowest cost per customer in the industry

## Business Analysis on Selling VoipNow Professional

We will dedicate the following section to the analysis of two common types of VoipNow Professional deployments from a business perspective. All costs and revenues are based on the industry average. In these two scenarios, VoipNow Professional is used to offer advanced business communications services.

### 1. Hosted PBX Services

A Business Internet Telephony provider offers hosted PBX services charging monthly flat fees per user. Such services get sold directly to the provider's customers and may also target third parties who can resell them at their turn. The provider lays out an aggressive strategy by charging US \$8 / month per account, whereas resellers can buy accounts in bulk at a discount.

The average price per account is US \$5 / month and an average server can support about 4,000 phone extensions and 500 simultaneous calls. The average voice traffic on each server is around 500k minutes per month. At an average of US 0.5 cents per minute of value added profit margin (at wholesale fees and taking into account the reseller's discount policy), we are able to draw up the cost and revenue structure for this kind of service.

Costs	
<b>Infrastructure license and support costs</b> (the server is leased and hosted in a Data Center)	
<ul style="list-style-type: none"> <li>Dedicated server (500 GB disk space, 3 GHz Quad Core Xeon, 4 GB RAM, 500 GB traffic included) The server can accommodate about 3,500 extensions.</li> </ul>	US \$ 250/month
<ul style="list-style-type: none"> <li>Server maintenance costs (manpower)</li> </ul>	US \$ 500/month
<ul style="list-style-type: none"> <li>VoipNow Professional cloud licensing for 2,500 extensions</li> </ul>	US \$ 2,850/month
<b>TOTAL COSTS for Infrastructure and software licensing</b>	<b>US \$ 3,600/month</b>
<ul style="list-style-type: none"> <li>500k minutes at 0.8 cents per minute PSTN traffic</li> </ul>	US \$ 4,000/month
<ul style="list-style-type: none"> <li>800 DIDs (phone numbers) at US \$1/month</li> </ul>	US \$ 800/month
<ul style="list-style-type: none"> <li>Other costs</li> </ul>	US \$ 1,500/month
<ul style="list-style-type: none"> <li>Customer support costs</li> </ul>	US \$ 1,000/month
<b>TOTAL COSTS</b>	<b>US \$ 10,900 /month</b>

Revenues for Hosted PBX service plan *	
2,500 extensions, with an average price of US \$5 per extension	US \$ 12,500/month
VoIP Traffic services 500 k minutes at 1.3 cents per minute average retail price	US \$ 6,500/month
900 phone numbers at US \$2.00 each	US \$ 1,800/month
<b>TOTAL REVENUE</b>	<b>US \$ 20,800/month</b>

\* In this example, the server is not fully loaded; it is running at only 60% of its capacity. The Total Revenue is per VoipNow Professional server. This serves for exemplification purposes only.

Profit:	<b>US \$ 9,900 per month</b> per server, which corresponds to an outstanding service <b>gross margin of 47.5%!</b>
Business case:	<p>The 47.5% profit margin was achieved by means of:</p> <ul style="list-style-type: none"> <li>• Aggressive pricing - the average rate per extension charged by a major US hosted PBX provider starts at around US \$15/month.</li> <li>• Conservative approach – usually revenues per server can be increased by with the help of more powerful hardware, by contracting foreign SIP carriers to optimize long distance call costs, and by offering advanced features such as IVRs, call queues, on-demand cloud-telephony services, etc.</li> </ul>

## 2. Hosted Unified Communications Services for Shared Hosting

The most important opportunity for shared hosting providers is to offer hosted UC services bundled with traditional hosting services. Each customer will receive a full range of voice services and free minutes in the same country (or several countries) for a monthly flat fee.

Costs	
Dedicated server (500 GB disk space, 3 GHz Quad Core Xeon, 4 GB RAM, 500 GB traffic included) The server can accommodate about 3,500 extensions.	US \$ 250/month
Server maintenance costs (manpower)	US \$ 500/month
VoipNow Professional licensing for 2,500 extensions	US \$ 2,900/month
<b>VoIP services</b> (VoIP minutes and DID from SIP carrier) <ul style="list-style-type: none"> <li>• 1 cent for any destination in US &amp; Canada (retail price)</li> <li>• US \$1/month for a phone number allocated in US (the phone number is called DID) – Direct Inward Dialing Number</li> </ul>	US \$ 2,800/month
Customer support	US \$ 1,000/month
<b>TOTAL COSTS</b>	<b>US \$ 7,450/month</b>

Revenues

Small Business Hosted PBX Plan (200 plans per server)

- Up to 10 phone extensions
- 1 IVR, 1 public conference extension, 1 call queue
- 10 concurrent conferences, up to 20 people in a conference
- 5 GB total disk space for recording and mailboxes
- Desktop telephony: click2call from web applications
- Call us available on the company's website (using CallAPI)
- 2 DID phone numbers / 10 concurrent calls
- 2,000 free national minutes, other destinations vary according to the rate table

The aggressively priced package is **US \$ 80/month**.

US \$ 15,500/month

TOTAL REVENUE

**US \$ 15,500 per month**  
for each VoipNow  
Professional server

Profit:

**US \$ 8,050/month** (per VoipNow Professional server) corresponding to a  
approximately **52% gross margin**.

### 3. VoipNow Professional Virtual Servers (VM)

The dedicated hosting provider offers unmanaged VoipNow Professional virtual machines, with each machine supporting up to 100 extensions. The hosting provider uses Parallels Virtuozzo as a virtualization platform.

Costs	
Infrastructure costs (server configuration: 2 x Quad Core Xeon 2.5Ghz, 1 TB disk space, 32 GB RAM, 2TB monthly traffic). The server can accommodate about 150 VM.	US \$ 500/month
Server maintenance costs (manpower)	US \$ 500/month
Support to customers	US \$ 500/month
Parallels Virtuozzo license	US \$ 300/month
VoipNow Professional licensing costs for 100 virtual machines (VM) US \$99/month per leased license	US \$ 9,900/month
<b>TOTAL COSTS</b>	<b>US \$11,700/month</b>

Revenues	
VoipNow 100 Extensions Dedicated Plan (100 VM per server) <ul style="list-style-type: none"> <li>VPS 684 MB RAM burst / 15 GB disk space</li> <li>Up to 100 extensions per plan</li> <li>No SIP minutes or DID numbers. Customers can choose their own SIP providers.</li> <li>The aggressively priced package is <b>US \$250/month.</b></li> </ul>	US \$25,000/month
<b>TOTAL REVENUE</b>	<b>US \$25,000/month</b>

<b>Profit:</b>	<b>US \$ 13,300/month</b> per server, corresponding to a <b>53.2% gross margin.</b>
<b>Business case:</b>	Main characteristics: very good prices, no overselling, and <b>medium server utilization</b> ; the margin is over 50%. Service providers can also include VoIP traffic and DIDs in their packages to further increase their profits.