

## **One System, One Service, One Provider... The Whole Solution**

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Over the last decade there has been a profound shift in the way that companies do business. Technological advances in computing [PCs], the near ubiquity of Internet access and high quality bandwidth and the emergence and proliferation of the cellular phone have all come together to enable businesses to operate in a more decentralized fashion. As a result, today's workforce is more dispersed and highly mobile. Companies have become more distributed, with multiple branch office locations, remote workers and many have leveraged the opportunities to outsource many of their traditional business functions. In the context of this shift there is a pressing need for today's companies and workforce to be highly connected and the traditional nine-to-five workday seems to be a thing of the past.

Another shift that has occurred in the last few years has been the way in which business telephone calls are being delivered. The days when voice communications traversed what are now degrading copper lines from the 'old' phone companies have given way to the new paradigm of delivering high quality voice calls over the Internet. This capability, enabled by advanced technologies and broad-based and inexpensive Internet access has fostered a new generation of PBX platforms that leverage Voice over Internet Protocol (VoIP).

These changes and innovation have also had a profound impact on traditional telecommunication systems manufacturers as their research and development dollars have moved away from traditional TDM phone systems toward IP-enabled and pure IP/PBX solutions. The evolution of this technology, from circuit switched PBXs to hybrid (TDM/digital PBX hardware w/ bolt-on VoIP) platforms has paved the way over the last few years for the development of true IP telephony solutions. What began as very expensive and marginally reliable VoIP applications (just ask the customers and telecom dealers who have tried it) has created a whole new crop of phone system manufacturers that are making a play with pure IP PBX hardware that is less expensive and offers advanced feature capabilities.

But here's the problem. None of these new players (and certainly none of the old established manufacturers) have been able to solve the problems inherent in delivering Voice over the Internet (i.e. latency, jitter, packet loss) without making customers pay for expensive, dedicated "pipes" and expensive [LAN] network components. There are some more intelligent newcomers that have built capable IP phone systems, but these only offer businesses an on-premise solution that is on one end of the call path, leaving the voice packets at the mercy of the Internet cloud; which makes for a less than adequate solution with poor voice call quality and

zero business continuity. It seems these manufacturers were heading in a smart direction, but they really do not offer the SMB market a reliable, cost-effective solution... and that is what this evolution is about, the SMB. Enterprise can afford to pay for Cisco-style stuff, but the SMB is where the real paradigm shift is going to occur.

So who will be the successful players in the IP telephony space in the next decade? Who will solve the problems with delivering VoIP? Who will deliver on the cost saving promise of VoIP, in a way that actually saves real SMB customers real money while providing powerful features, superior call quality, system reliability and business continuity?

### **Unique, Next-generation, Fully Distributed/Fully Managed Architecture**

Star2Star Communications has developed the only true Fully Distributed, Pure IP Business Communications Solution for small to mid-sized businesses across the US. Our End-to-End approach is built upon a fully managed, radiance architecture offering both the on-premise IP/PBX and the business grade Internet phone service. We built the phone system and the phone service together from the ground up, to work together, perfectly.

### **No One Does it Better than Star2Star**

No other company can deliver a business-grade Voice over Internet Protocol (VoIP) solution as well as Star2Star. We solve the problems inherent in delivering voice communications over the Internet with complete 24x7x365 monitoring and management of every call without the need for expensive dedicated circuits. By peering with other ISPs and shaping call traffic; and by monitoring and managing every call path from end-to-end, this allows us to shorten call routes, resolve the problems of latency, jitter and packet loss that our competitors simply cannot solve. Star2Star Communications offers business customers a better IP solution at a much lower cost.

This End-to-End approach provides small to mid-sized businesses the full feature set previously only available in more expensive and complex IP solutions, but at a price point they can afford... Big Business Features at a Small Business Price! This combination of powerful feature capabilities, superior call quality, guaranteed system reliability and tremendous cost savings offer both Star2Star dealers and their customers more value than any of our competitors.

### **There is a Huge Amount of VALUE Built into the Star2Star Solution**

Star2Star offers a next generation voice and data communications solution suite that differentiates our company and our dealers in the marketplace. For dealers, offering the Star2Star solution helps you build "real" value in your business with multiple recurring revenue streams; while offering tremendous value to your customers in the form of powerful features, quality, reliability and cost savings. Most importantly, Star2Star provides your customers with

significant business continuity benefits as a complete Disaster Recovery capability is built into the solution architecture.

### **Star2Star Offers the BEST Multi-office Solution Set Available to SMBs**

Star2Star customers enjoy all of the many advanced feature capabilities available by leveraging our advanced and exceptionally unique Internet telephony architecture. These features include support for multi-site, branch office locations, remote workers and cell phone extensions; which have the direct benefits of streamlined connectivity and communications among sites and workers, significantly reduced telecommunications costs and enhanced organizational productivity.

In addition, Star2Star dramatically reduces many of the expenses related to a company's equipment and service needs by including mission critical tools and services such as Unlimited Voice Mail, Long distance\* and advanced features like Voice Mail to email, all free of charge. The days of paying for these traditionally expensive features are gone for customers of Star2Star.

### **Quality, Reliability and Business Continuity Done Right!**

The Star2Star Solution works where our competitors fail. It is Very Difficult to Do This Right... Star2Star Does it Right. Our Fully Distributed Architecture is built upon a fully redundant, Carrier-class soft switch located in a Tier 3 Data Center in Tampa, Florida. Our Data Center houses the core telecommunication infrastructure for Star2Star Communications. Originally built by GTE to house its telephone network core for Southwest Florida, this building has become one of the nation's most active carrier neutral communications facilities.

Our facility houses more than a dozen major communications companies allowing Star2Star to leverage access to multiple redundant fiber loops connecting the entire region to the Internet backbone; as well as connectivity to multiple telephone service carriers. Star2Star's has specific carrier relationships which include Level3, providing connectivity to more than 80 Points of Presence (POPs) all across the United States and allows us the capability to hand off calls to local POPs that are closer in proximity than our Data Center (i.e. Chicago).

### **Disaster Recovery... Is built into the Star2Star solution architecture, offering complete Business Continuity features.**

The Star2Star Data Center maintains a constant communications path with every Starbox PBX. Every customer PBX configuration is mirrored in our Data Center which is immediately able to detect an equipment or Internet service impairment or disruption and will automatically take over when necessary. Our Data Center also houses all key call processing functions including

in-bound call distribution, auto-attendant, unlimited voice mail and conferencing.

Additionally, our Network Operations Center provides continuous 24x7x365 monitoring and management of calls over the Internet and provides a capability for complete disaster recovery and automatically fails over inbound calls to alternate system extensions in cases of equipment damage, power outages or failed internet connections. Since the Data Center “becomes” the customer PBX in disaster recovery mode, Star2Star customers continue to receive inbound call traffic which is routed to secondary cellular or landline phone numbers assigned to each individual extension. This unique fully distributed, fully managed Internet telephony architecture provides for a profoundly different, proactive customer service environment and provides a level of business continuity that is unavailable from our competitors.

### **Never Buy Another Phone System**

The average lifespan of a traditional phone system is about seven years. During that time, these older phone systems and related voice messaging platforms may experience individual component or total system failures that impact the system’s call processing and distribution functions. Replacing these components can be very expensive for parts and labor and the phone system downtime costs in terms of lost revenue can be dramatic. Additionally, in many cases, growing businesses realize a need to expand the capacity of their traditional phone system; which generally requires the purchase of expensive add-ons like expansion cabinets, line or station boards, software upgrades or additional voicemail hardware and port licenses.

Finally, there are many new IP PBX offerings on the market today. In fact, the market is now becoming over-run with all kinds of IP phone systems... it seems like everyone has a "box" to sell these days. Many of these platforms are built on PCs and servers; which we all know have one critical flaw... They crash! If a workstation PC crashes it knocks out the productivity of one worker. If that computer was running your entire business phone system you would wipe out the productivity of the entire organization... would you take that chance with your business?

The Star2Star solution makes all of these traditional system failure and replacement issues obsolete. The Starbox is a feature rich, 100% solid state PBX platform with no moving parts like fans or hard drives, components that commonly take down PC-based PBX platforms. In addition to building our Starbox PBX on a significantly more reliable hardware platform, Star2Star also includes comprehensive system maintenance coverage for every Star2Star customer that provides 24 hour advanced replacement of any hardware component. The Starbox PBX, along with our premium Polycom and snom telephone handsets and network switching equipment are all eligible for 24 hour replacement in the case of hardware failure.

Even better, Star2Star is continually developing enhanced system feature software releases that provide value-added capabilities to both the PBX and the business telephones. Since Star2Star implements these feature enhancements for no additional charge, our customers receive continuous software system and feature upgrades free for the life of the service. Therefore, Star2Star customers will always have a brand new phone system, long after other phone systems have become obsolete, failed or reached their end-of-life.

## **The Implications for Business Telecommunications Dealers**

The evolution from traditional TDM phone systems toward IP-enabled and pure IP/PBX solutions has illustrated some of the challenges that telecom dealers have faced when trying to migrate their customers toward this type of business communications technology. Many dealers are still trying to figure out which of the many VoIP offerings they should choose to offer. Many other dealers have moved beyond the learning curve and become quite capable at selling and delivering these new VoIP applications; however, it has not been easy, it has not been without quality problems and it has not, by and large, saved their customers a lot of money.

In addition, telecom dealers have continued to see their profit margins shrink over the last decade, even in an environment where newer and better technology has gained acceptance in the marketplace. In fact, according to recent data provided by Allen Sulkin<sup>1</sup>, *the IP telephony market growth remained strong through 2007. Slightly more than two thirds of total PBX line station shipments were IP endpoints, 6.25 million line stations (up from 5.1 million in 2006). TDM line shipments (analog and digital) made up the remaining 3.1 million lines, and continue to decline more than 15% annually.*

## **Re-engineering the 'Ma Bell' Paradigm**

Prior to the 1970's, AT&T dominated the US telecommunications marketplace as a single-source provider of everything: the local dialtone, the long distance service, the manufacturing and installation of business phone systems; and all of this was delivered over what is today a degrading copper wire infrastructure. In the 1980's, 'Ma Bell' was broken up, disassembled and was essentially kicked out of the CPE business. This profound shift paved the way for a whole new industry of telecommunications equipment manufacturers and gave rise to a new type of distribution channel: local phone system sales, installation and support companies like yours.

Over the last few decades, the telecom dealer (or interconnect) channel grew fast; sales were good, profits were strong. Today, these same dealers are faced with a commoditized market, too many competitors and dramatically shrinking profit margins. In addition, communications technology has changed fast; calls are no longer being delivered in the same old way and the way people do business has changed as a result. The ubiquity of high speed Internet access and

high quality VoIP offerings has changed the game dramatically. How should a telecom dealer, VAR, UC integrator decide which of the many platforms to offer?

Even with the strong growth in IP telephony, dealers are still mired in a fiercely competitive environment; selling against all types of newer IP and older TDM systems and few are seeing the profit margin potential they have experienced in the past. Add to this a challenging macroeconomic environment, where businesses are more hesitant to make large capital expenditures on communications technology, and dealers find themselves faced with lower sales, lower margins and a sense of urgency to find a business communications solution set that will help them grow and prosper. Star2Star Communications has taken this issue head-on.

Star2Star has spent the last few years addressing this problem by re-engineering the old 1970's Ma Bell model into a profoundly new model that "reintegrates" the delivery of phone service and equipment. This new paradigm, founded on a new medium for processing phone calls (the Internet), offers a complete business voice and data solution for customers and a new business model for telecom dealers.

Yet, unlike the Ma Bell model, Star2Star dealers get a piece of all of those cash flows. Star2Star provides the complete solution set based on a fully distributed, End-to-End VoIP architecture and dealers realize full participation in all of the traditional hardware and installation revenue; plus they gain an opportunity to build real value in their companies by sharing in all of the residual revenues related to voice service, system maintenance, Voice Optimized data circuits and more.

### **Dealers Will Make MUCH MORE MONEY Selling the Star2Star Solution**

Star2Star Solution Partners Make Better Margins... It's that simple. Our dealers have an opportunity to make more money on everything related to our uniquely different, next-generation voice and data, product and service solutions. This includes better profit margins on the equipment sale, installation and maintenance, phone line service revenue and our voice optimized data circuits. More importantly, our residual revenue model for Star2Star dealers rewards higher levels of performance with higher percentages.

### **Better Margins on the Equipment Sale...**

The Starbox PBX is a powerful, yet affordable IP telephony platform and our premium business telephones are competitively priced. Our equipment pricing for dealers allows for higher mark-ups while still providing customers a cost effective hardware solution versus competitive offerings.

### **Better Margins on the Installation...**

Star2Star dealers can typically make double the amount of money on the equipment installation. Deployment of the Star2star solution is centered on efficiency with a simple, intuitive system configuration process, remote administration and every system arrives at the customer location fully provisioned with all telephones, user extensions and voice mail boxes all pre-configured. All of the phones are labeled with end-user name and extension number and all phones are recognized by PBX. The system arrives ready to plug-and-play, leaving only the advanced system configuration to be done to customer specifications.

### **Dealers Earn Margins on the Phone Service and Maintenance Revenue...**

Star2Star dealers earn additional recurring revenue on every sale. Since Star2Star provides both the phone system and the phone service our dealers have full participation is a variety of residual revenue streams for the life of the customer... Building tremendous long-term value for our dealer's organizations. Dealers earn up-front sales commissions on phone lines and annual maintenance as well as a variable percentage of recurring service and maintenance revenue on every sale.

### **Better Margins on the Voice optimized T1 and DSL circuits...**

Star2Star dealers also earn additional recurring revenue by selling Star2Star's high quality bandwidth options, including our voice optimized T1 and DSL circuits where appropriate. As part of a complete next-generation voice and data solution that includes the phone system, the phone service and the pipes or as standalone offerings, our dealers make money on everything... Bringing back the margins they realized a decade ago.

### **The More You Sell / the More You Make**

Finally, our dealers can dramatically increase their overall residual income percentages on all services and maintenance simply by increasing their system line sales over time. As a dealer's average line sales increase on a monthly basis, so do the percentages on phone service, data circuits and maintenance revenue – Across the Board!

### **Flexibility in Pricing**

Star2Star offers both dealers and their customers a huge amount of value by providing a powerfully capable, high quality Internet phone solution that is priced right for the SMB. This allows our dealers to decide how to set pricing on both equipment and installation, providing the flexibility needed to win sales while retaining margins that are above the industry average. In addition, our Quote Calculator makes solution configuration, pricing and building quotes a breeze.

### **Dealers Can Manage system Installations or Star2Star Can Do It**

Star2Star dealers may choose to manage their own system installations or allow Star2Star to participate in the process. Many dealers handle their own local installations but also have an opportunity to leverage Star2Star's national team of over 1500 installation experts. In cases where customers have multiple branch office locations distributed throughout a region or the country, Star2Star provides a national service and installation capability to assist dealers in remote system deployment and after-sales hardware support. Our dealer still "owns" the customer and residual revenue stream, but can better support these remote sites on local basis.

### **Dealers Can Provide End-user Configuration and Training or Star2Star Can Do It**

Star2Star dealers may choose to manage their own end-user system training or allow Star2Star to participate in the process. Many dealers typically provide their own end-user configuration and training but also have an opportunity to leverage Star2Star's Business Applications team to manage advanced system configuration and end-user training. This value-added service offering enables many dealers to focus on selling the Star2Star solution, while leaving the system installation, configuration, training and support to us!

### **Our Unique Architecture is What Makes the Star2star Solution Work**

Star2Star Communications has developed The World's Most Reliable Business Grade Internet Phone Solution. With a very different approach; a true Fully Distributed/Fully Managed PBX architecture, Star2Star has built an End-to-End Internet phone solution for small to mid-sized businesses that delivers on the promise of VoIP. We have solved many of the problems inherent in delivering voice over the Internet and offer the call quality, system reliability and disaster recovery that our competitors simply cannot. And we deliver it all at a cost that is typically less than what the average business currently pays for phone service alone. Offer your customers One System, One Service, One Provider... The Whole Solution. That is Star2Star Communications.

<sup>1</sup>Allen Sulkin – "Enterprise Communications Market Enters New Competitive Order"  
Allan Sulkin is founder and president of TEQConsult Group