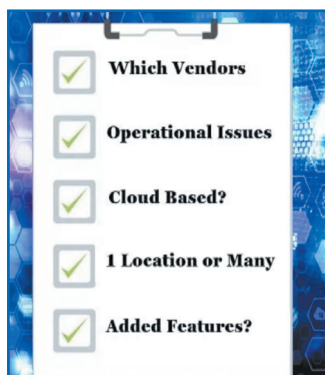




Checklist for Dealership Telecom Decisions

Telecom systems are complex and for the uninitiated, very confusing. And with more than just a few vendors, so many terms and acronyms and fast changing technology, it does not lend itself easily to navigation.

You have Technical Considerations like when to upgrade and how difficult?

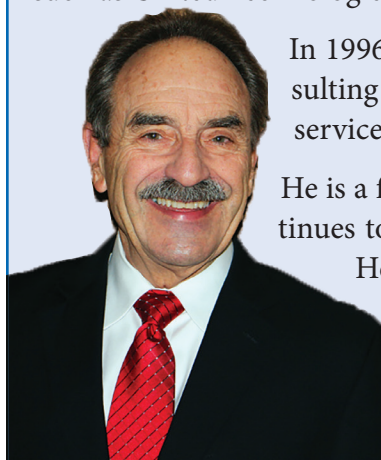
Plus, Operational Considerations like the right architecture for your store or auto group.

And Transitional Considerations like installation, training, and staff acceptance.

With so many balls in the air, how does a dealer know if they're making the right choices?

On October 28, 2021, Phillip Sherman President/CEO of TeleCom Advisors Group, Inc. joined us for an online workshop to share his thoughts about how dealers can reduce complexity when choosing a new telecom system.

Phillip has been a telecommunications professional since his first position with Harris Corporation in 1971. Since then, he has held positions and acted as an independent consultant for numerous firms such as United Technologies, Western Union, and Bechtel Corporation to name a few.



In 1996 he created TeleCom Advisors Group, Inc., a fee based independent consulting firm, to advise dealerships in matters relating to telecom technology and services with over 2,144 Dealership Projects in 45 States under his belt.

He is a frequent speaker for the North American Telephone Association and continues to be active in industry trade shows, corporate speaking engagements etc.

He is a published author with numerous articles involving various facets of the telecommunications industry.

This report is a summary of Phillip's comments and suggestions.

.....see Phillip's Contact Details on the last page.

"What a long strange trip it's been."
The Grateful Dead

MQJ4 - Sherman - Checklist for Dealership Telecom Decisions

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The takeaways from today's workshop are:

- ✓ CPE vs. Hosted
- ✓ Primary Hosted and Cloud Based Vendors
- ✓ How to configure for multi-location auto groups
- ✓ Added features to consider

Of all the equipment in the modern office environment, the telephone is the most important. But the task of navigating the confusing market can be a challenge.

It's full of confusing terms like:

- ? VOIP, UCaaS, SIP Trunks, Qos, Hosted, SD-WAN, MPLS, VPN, Broadband and Fiber to name a few.
- ? And to make matters worse, there seems to be an almost unlimited array of providers like:
- ? Vonage, Nextive, CDK, R&R, 8X8, Blueline, Crexendo, Cisco, IPFone, Ring Central, and many more.

With so many choices, it can certainly feel like a long strange trip.

So, how can mere mortals successfully decide what telecom system is right for them?M

It starts by knowing a few terms.

Definitions

- ☛ Customer Premise Equipment or CPE: All equipment required to enable the system to function is installed at the customer's site.

For example the CPU, routers, in other words, equipment and software that makes the system work that is physically located on the premises.

- ☛ Hosted or Cloud Based System: All equipment required to enable the system to function is installed off site and connected to customer's site via High-Speed Data Connection or Internet.

- ☛ UCaaS: Unified Communications as a Service.

Such as Text, Voice, Video, Video chat, etc. methods of communication.

So, what do dealers need to know when transitioning from a CPE to Hosted system?

Telecom Technology Considerations

✓ FINANCIAL

The first step is to get an estimate of your total telecom spending and compare it to the estimated cost of the new hosted system.

Typically, most CPE expenses disappear with a Hosted or Cloud based system.

To arrive at that comparison number, Phil recommends adding the cost of PRIs (Primary Rate Interface), analog lines, monthly long-distance charges, monthly system maintenance charges and warranties, etc.

Examples are:

- + Monthly voice and data services spend.

- + Service for analog lines vs. SIP (Session Initiated Protocol).
- + Cost of system upgrades on legacy equipment.
- + Volume of Long-Distance calling.

Once that cost has been tallied, then compare it to the estimated cost of the hosted system.

To do that, Phil offers this simple formula:

- Multiply the number of phones in the dealership by \$17.00 to estimate your monthly cost of a Hosted system. This should include the phone hardware.
- For example, 100 phones X \$17.00 = \$1,700 estimated monthly cost for a hosted system.

✓ **TECHNICAL**

- Useful life of Legacy System.
 - While some CPE vendors such as Avaya offer hybrid systems, most legacy systems are either already or soon to be obsolete which complicates replacement and repair.
- Software and system upgrades.
 - Software upgrades for legacy systems, if available, tend to be expensive.
- Viability of existing network infrastructure.
 - Frequently, existing infrastructure is not robust enough to handle hosted needs
- Disaster Recovery.
 - The major advantage of hosted systems is that because the equipment that provides functionality is in safe and secure locations, they are not subject to disasters that may affect the dealership.
 - Such dispersion allows for a quicker recovery, even if the dealership is without power or internet.

✓ **OPERATIONAL**

- Necessity for Remote and Mobility applications.
 - Cloud based systems are typically easier to configure for work from home/off-site locations.
- Call Center and BDC reporting capability.
 - Hosted systems tend to offer robust reports that support call center/BDC management.
- Personnel sharing phones.
 - Setting schedules and tracking who is using what phones when is much easier with cloud based systems.
- Integration with CRM platforms.
- Texting and Video Chat requirements.
 - Most have the ability to move calls from the desk phone to mobile phone via an integrated mobility app,
- Call Tracking requirements.
 - Phil noted that contacts and call histories are preserved by working within an integrated system.
 - No more client contact data disappearing with an employee.

✓ **TRANSITIONAL**

- Installation of new hardware.
 - Hosted systems do not need new hardware since they typically plug into the existing computer network.
- Training on the new system.
 - Training is simple and available after the initial installation.
- Acceptance of new technology.
 - Since most people are comfortable with cell phones, texting, video etc., adoption of the new technology is easier than with CPE systems.

Because the market is so competitive, once you announce that you're looking for a new Telecom system, you'll be busy.

Since the phone system solution that works for one dealership may be totally wrong for another this puts a premium on ensuring that the new system adapts to the store rather than forcing the staff to adapt to the system.

New System Pricing

To illustrate the cost differential between digital, VoIP (Voice over IP) and Hosted/Cloud systems, Phil offered this comparison which shows the average monthly price for a 60 Phone System.

The comparison includes necessary Telco circuits, Long Distance Charges and maintenance.

Phil noted that while pricing for digital and VoIP systems have declined over the years, hosted is still less expensive.

	<u>2017</u>	<u>2021</u>
Installed Digital System	\$1,900.00	\$1,800.00
Installed VoIP System	\$1,750.00	\$1,550.00
Hosted or Cloud Based System	\$1,440.00	\$1,140.00

CPE vs. Hosted

It should be noted that CPE systems tend to require additional maintenance, charges for popular features and offer a less robust disaster response, if they offer one at all.

	<u>CPE</u>	<u>Hosted</u>
Ongoing Maintenance Required	YES	NO
Long Distance Charges	YES	NO
Inherent Disaster Recovery	NO	YES
Software Upgrades Required	YES	NO
Mobility Applications	NO	YES
Savings in cabling expense	NO	YES
Ease of Programming Changes	NO	YES

Leading Hosted or Cloud Based Vendors

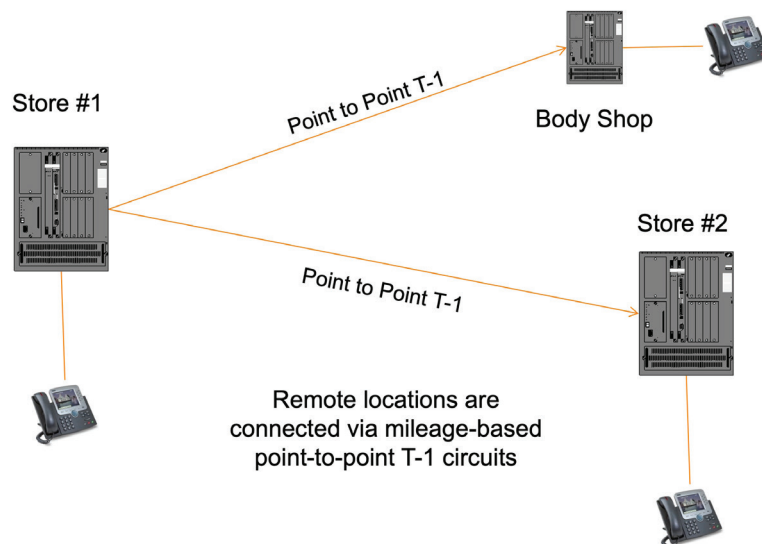
Not to make too much of a point, Phil again noted the proliferation of vendors, which puts a premium on due diligence and referrals.

☺ Jive	☺ Blueline Telecom
☺ Nextiva	☺ Telesystem
☺ Mitel	☺ IPFone
☺ Crexendo	☺ 8 x 8
☺ Vonage	☺ Broadvoice
☺ Net2Phone	☺ ...plus 494 more.

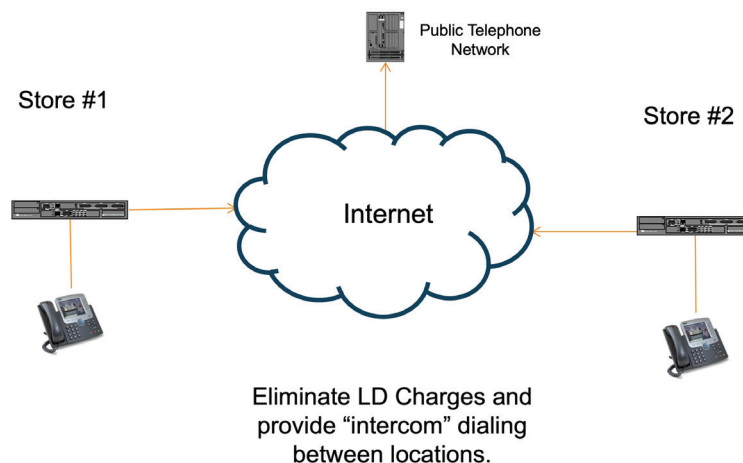
The evolution of telecom systems

When comparing the evolution of systems, Phil offered three illustrations.

1. Traditional connectivity for dealerships with multiple locations

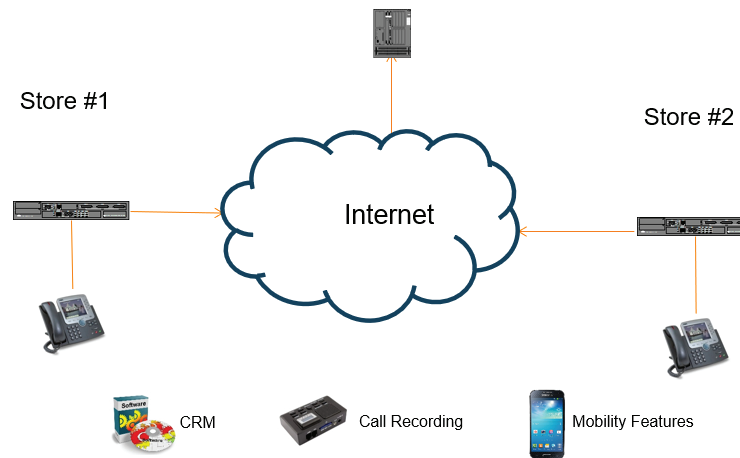


2. Hosted configuration for dealerships with multiple locations



3. Hosted configuration for dealerships with additional features

Phil noted that problems can develop when additional features are not considered and resolved prior to system install.

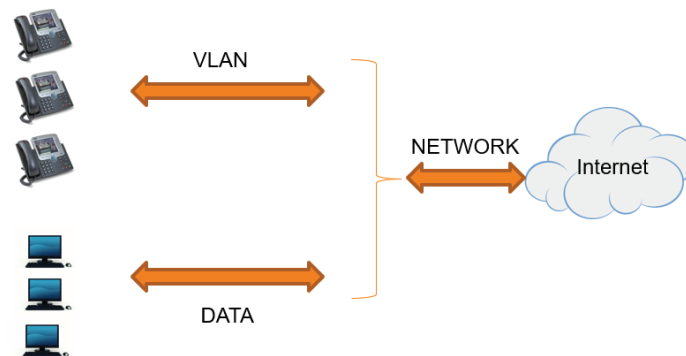


Mistakes Dealerships make when moving to Hosted Phone Systems.

☹ Not Separating Voice and Data over the Network

Combining voice and data on the same network can cause voice quality problems such as stutter or lag.

This can be inexpensively avoided by using a separate Virtual Local Area Network (VLAN) programmed within the system's data network.

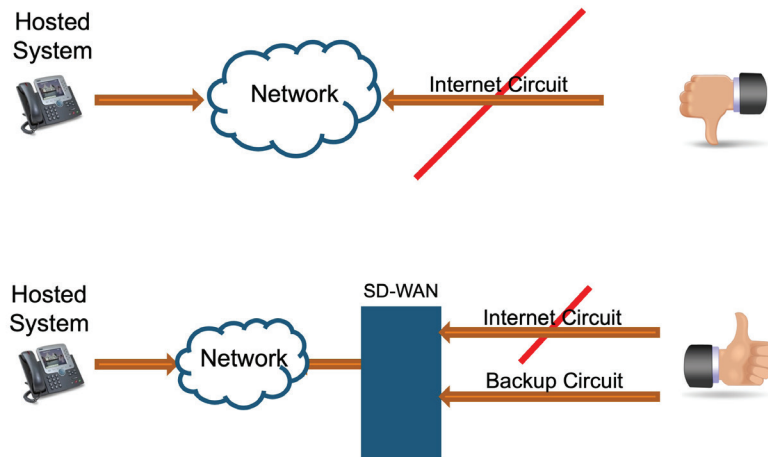


☹ Not provisioning Automatic Failover on your network using Software Defined-Wide Area Network (SD-WAN).

Using a single circuit, while saving some money, puts dealership communications at risk should the primary circuit fail.

Adding an SD-WAN back up circuit is an inexpensive safeguard that could save the day.

Not provisioning Automatic Failover on your network using SD-WAN.



⊖ Failure to identify services that need to work with the new Hosted phone system.

Phil listed a few of the many services that are often overlooked prior to the telecom systems being installed.

Failure to identify services that need to work with the new Hosted phone system.



⊖ Forgetting to consider any analog devices that still need to work at your store.

- 🔌 Air Quality Testing (SMOG) Machines
- 🔌 Fax Machines
- 🔌 Analog Modems

⊖ The #1 Mistake Dealerships make when upgrading to the new Technology

Not developing a specific list of system requirements and specifications with which all bidding vendors MUST comply.

This is an absolute MUST to ensure that all vendors are bidding to the same size, features and configuration.

So what should dealer include in their RFP?

Specific topics the RFP must contain

- ☑ Due date for vendor responses.
- ☑ Exact system configurations
 - How many phones, operators, back up operators, conference room phones, break room phones, etc. are needed.
- ☑ Whether or not Power over Ethernet (PoE) is available.
 - PoE reduces the need for an external power adapter hook up.
- ☑ Type of paging, back ground music, etc. required.
- ☑ How faxing will be accomplished
 - “E” fax or the old fashioned way?
- ☑ Type of operator station required.
 - Will the operator have a phone “Sidecar” or PC that shows who is on which line?
- ☑ Network requirements.
- ☑ How the installation will be managed and by whom.
- ☑ Will Project Managers be U.S. based?
 - This is not always the case.
- ☑ How will training on the new system be accomplished.
 - On-site, remotely, or both?
- ☑ What conditions must be met for the installation to be considered complete.
 - What the vendor considers complete is not always the same as the dealer.
- ☑ Service Level Agreement (SLA).
 - What percentage of the time must the system maintain connectivity?
 - Phil noted that he typically sees agreements range from 97% to 99%.

Tips when buying Hosted Systems

- ☞ Know going into the process WHY you are looking at a Hosted System.
 - i.e, disaster recovery, mobility, etc.
- ☞ Know from the start that your internal IT staff will be making programming changes on the new system and therefore require some training.
- ☞ Don't necessarily buy the least expensive system.
 - Explore all the options and concentrate on the automotive experience of the vendor.
- ☞ Use trusted brands
 - Don't buy systems that are generic in nature and built on “White Box” server design.

- ☛ Don't commit to a new voice system from your DMS provider without shopping the competition who can offer similar and compatible products.
- ☛ DON'T BUY USED!

The Process

Employing an organized process can save big headaches later on.

1. Survey all managers for input on needed features
 - This can go a long way toward making the best decision for the dealership as well as improve buy-in by the team.
2. Identify the vendors that will receive bid document
3. Interview vendors in detail and check references
4. Conduct live system demos
5. Conduct staff and manager meetings
 - Before, during and after the installation
6. Make vendor selection

Conclusion

In closing, Phil reiterated that the phone is an underrated piece of the telecom system that has the potential for causing major problems if not effectively matched with the dealership's current and future needs.

He is available to answer questions or provide free consultations upon request.



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