



## Business Case

### Migrate to IP Telephony with minimum cost and effort

*A comparison of Nortel and Cisco IP Telephony solutions*

While you have been enjoying the reliability and functionality of the Nortel Meridian PBX system for years, you may now require the productivity and cost-saving advantages of IP communications:

- IP will reduce the cost of moves, adds and changes by up to 90 percent (Nemertes Research, *2006 Convergence Benchmark*).
- Wiring a new building for IP costs 40 to 50 percent less than for traditional voice and data networking (Nemertes).
- IP can provide secure, reliable connectivity to home offices, traveling employees, transient teams and branch offices — redefining how business gets done.

No doubt you have been approached by IP Telephony vendors ready to sell you on an overhaul. You have probably been told that your only option is to rip and replace your existing infrastructure. You may have even seen numbers that suggest a similar cost between Nortel and Cisco.

However, quotes that appear equivalent can actually represent very different offerings. An assessment of total costs requires that you investigate elements that some vendors may hope you overlook. A complete assessment of IP Telephony options must consider all the following costs:

- Base VoIP system components
- Phone sets for users
- Data network upgrades or additions
- Installation and training

### Comparing Nortel and Cisco solutions

Let's look at how the costs stack up for a typical case. In our example, the organization has a Meridian 1 Option 11 PBX serving 100 lines (all lines equipped with voice mail), and is now upgrading to IP Telephony, adding IP phones as needed, and powering those phones over the Ethernet LAN.





Figure 1. Meridian 1 with CallPilot and Meridian phone

## Detailed cost comparison of Nortel's solution to Cisco alternative

**The Cisco solution costs \$37,500 to \$77,500 more than the Nortel solution.**

### 1. Basic VoIP system components

While the cost of a basic VoIP system for both Nortel and Cisco is comparable (\$25,000 vs. \$30,000, see table for details), the Nortel system includes additional features, more resiliency and superior redundancy — all of which will cost extra in the Cisco solution.

### 2. Phone sets for users

With the Nortel solution, Meridian customers can continue to use existing digital business sets and audio-confer-

encing units — and add IP phones as it makes sense. The Cisco alternative requires new phones for everybody. For 100 lines, that can add up to \$40,000. Since the user interface for the new Cisco phones is radically different, training requirements would be high.

### 3. Data network upgrades and additions

The Nortel solution will only require Power over Ethernet switching for \$5,000. The Cisco solution requires many other elements that can total nearly \$30,000, if you want to match the features and functionality of the Nortel solution. For example:

- Power over Ethernet — Add \$80 to \$100 per phone.

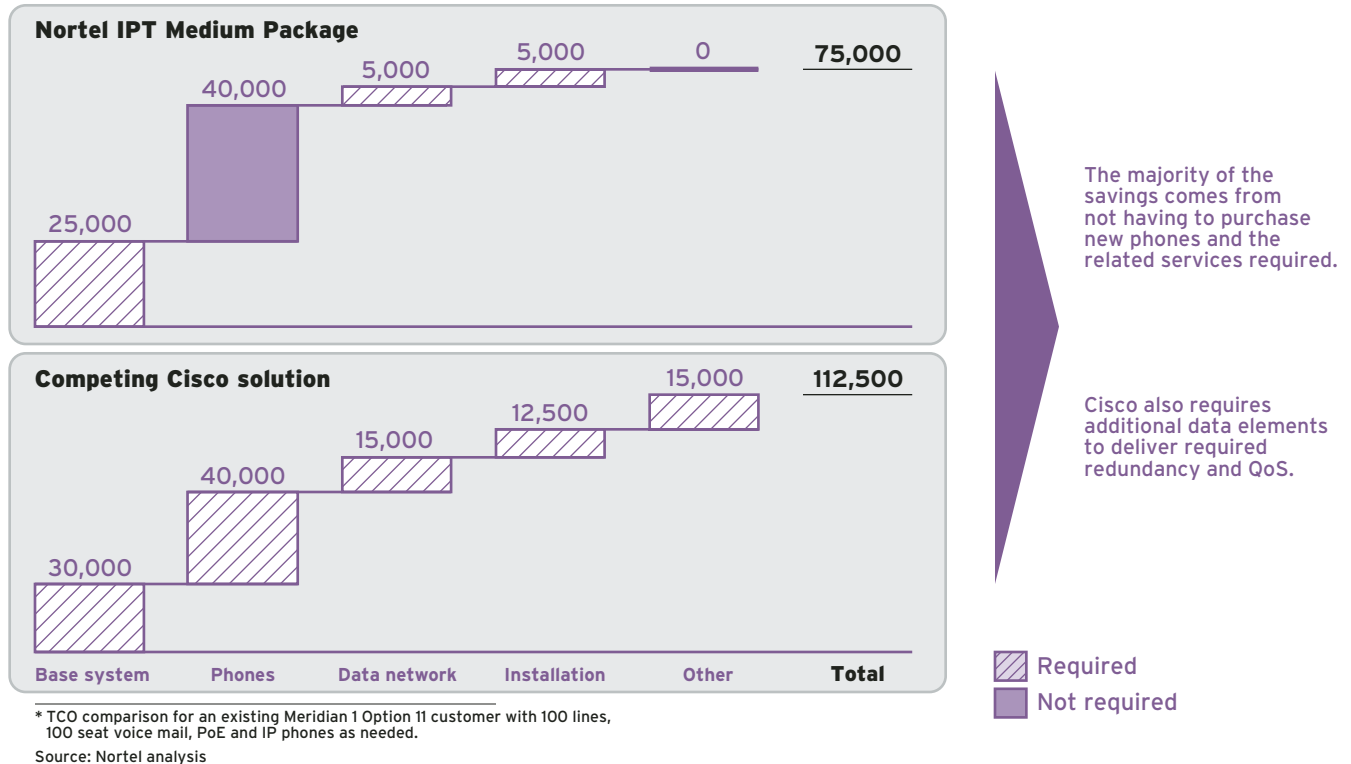
- E-911 service — Add \$20 per phone.
- Executive call screening for multiple parties, speed dialing, hunt groups to enable support specialists or agents to share responsibility for incoming calls, music on hold, recorded announcements, conference bridging and paging — Add \$20,000 in additional servers.

### 4. Installation

- Vendors may tell you that installation costs are the same regardless of vendor, but the facts say otherwise:
- It only takes 40 hours to completely install a typical Nortel solution, while the equivalent Cisco solution takes more than 50 hours, adding another \$1,000 in labor cost. (Nemertes 2006 *Convergence Benchmark* report of IP Telephony vendors)
- The Cisco solution requires complete reprogramming of the phone database. Add another \$20 to \$50 per phone for that task.
- The Cisco solution requires users to learn an entirely new way of using the phone system, so you'll need to plan ahead for staff training and lost productivity.

	The Nortel evolution		The Cisco overhaul	
<b>Base system</b>	\$25,000	Meridian 1 Option 11E cabinet-mount system with new security, signaling and media cards — with 100 seats of Nortel CallPilot messaging and eight IP phones	\$30,000	New Cisco 7815 Media Convergence Servers, Cisco Unified CallManager 5.0 software, Cisco Unity Voice Mail system, Cisco Unified IP Phone 7912G sets and associated licenses
<b>Phone sets</b>	\$0 to \$40,000	Keep all your existing Nortel business sets, and add as many IP sets as you want, at any time.	\$40,000	Toss out all your existing Nortel phones and buy all-new IP sets. That's the only choice.
<b>Data network upgrades</b>	\$5,000	Add a Nortel Ethernet Switch to send power to IP telephones over the Ethernet data network. No need for extra servers to support the features you expect and rely on today.	\$30,000	Add \$80 to \$100 per phone for Power over Ethernet and \$20 per phone for E911 service. You will also have to buy extra servers, cards and applications if you want to match the redundancy and features of your present Nortel phone system.
<b>Installation and services</b>	\$5,000	40 hours for system installation. No need to reprogram phones or databases.	\$12,500	50 hours for system install. \$20 to \$50 per phone for database programming. Additional costs for staff and user training.
<b>Total</b>	<b>\$35,000 to \$75,000</b>	Business disruption is minimal. There are only small changes to the current platform while adding the benefits of VoIP.	<b>\$100,000 and up</b>	Business disruption is high, due to a total system overhaul, completely new user and management interfaces, and possible loss of some popular features.

## Total Cost of Ownership (\$ Dollars)



**Figure 2. Existing Nortel customers can save between 30% to 65% with Nortel for their total VoIP upgrade**

### Nortel is the logical choice for existing Meridian customers

For Meridian customers, the Nortel solution for migrating to IP Telephony offers the lowest total cost and smoothest transition — while extending the value of the existing infrastructure. Only the Nortel Communication Server 1000 shares common software, system elements, management environment and user interface with the Meridian system. Only the Nortel solution enables the organization to keep its existing digital sets and phase in IP sets as needed.

With Nortel, customers can quickly get the benefits of “anytime/anywhere” business operations — such as business continuity and enhanced productivity for mobile workers — without paying for new phones. Just IP-enable the core and add soft clients, while keeping the digital sets on the desktops.

Compare the Nortel and Cisco IP Telephony strategies on all four cost components — base platform, phone sets, data network elements and installation — and the advantage is clear. Nortel is the only logical choice.

“Nortel was the only vendor that really put a well-engineered solution on the table. They satisfied all our requirements with three basic boxes, achieving the simplicity we were seeking. The implementation was a non-event. All of a sudden we’ve got an IP environment, telephony over IP, wireless VoIP — and it works, with no pain. It just happened. The fact that Nortel understands the telephony business gives them a unique edge over competitors that are coming at it solely from the data side — and that was serendipitous for us.”

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