

February 2011

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# Open Source | Telephony's New ROI-ality

**IP TELEPHONY IS A TECHNOLOGY** that has proven its worth in reliability, flexibility and cost savings. The shifting of voice communications onto the data network has fostered a sea change in the way companies view their infrastructure.

However, the next-generation PBX technology offered by most vendors is proprietary at heart, and while it's good at managing the IP network, it's not so good at playing well with other PBXs. Consequently, a number of companies looking to upgrade their communications networks oftentimes are priced out of the IP marketplace.

Enter open source telephony. Once regarded as the domain of hobbyists and basement IT fanatics and brandishing a less-than-stellar reputation, open source telephony has cleaned up its image and entered the mainstream as a cost-effective alternative to proprietary technology, delivering all of the features at a fraction of the price.

"Open source delivers the three most important features needed in a communications system — reliability, scalability and long-term flexibility — at a more attractive cost," said Birch Shambaugh, vice president of business development at Special Applied Intelligence, an IT and communications-focused VAR and

systems integrator based in New York. "The ROI is staggering in comparison with proprietary systems."

Open source, in fact, may be the worst-kept — or the best-kept, depending on how you look at it — secret among the IT community. While open source hardly ever comes up in conversation when discussing IP PBX systems, a staggering number of companies are using the technology — from small businesses that can't afford the expense of a brand-name system to large enterprises that want to add on to their existing feature set without spending another truckload of cash.

"I consider open source to be the Swiss Army knife of communications," Shambaugh said. "While a lot of people associate phone systems with open source, that's really only a portion of what it's relevant for. It's also an integration tool for tying together disparate systems or adding more features to an installed system. Open source telephony is a component in a shocking number of infrastructures."

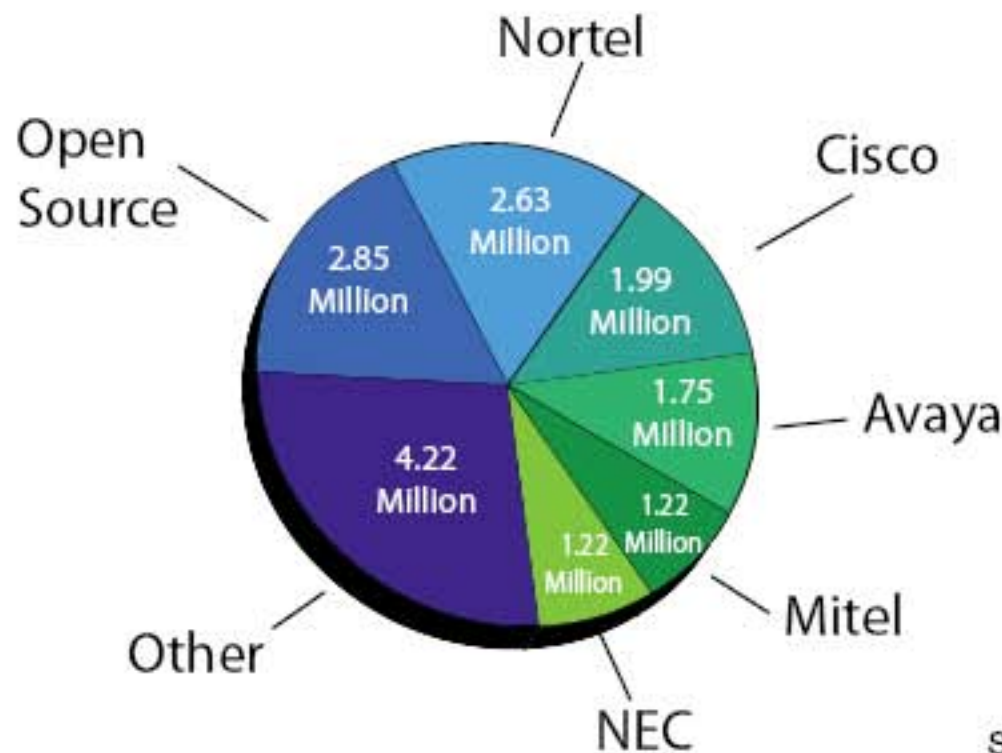
"I think a lot of people in IT know about open source telephony, but you're just not hearing about it," said Shannon Clemons, global channels marketing manager at Digium Inc., creator of the Asterisk open source telephony platform. "There are hundreds of thousands of Asterisk users. I think VARs might consider open source their secret competitive advantage, and that's why you don't hear too much about it."



**"Open source technology is crossing the chasm. At first it was the innovators that were doing it just to solve the problems, but they are making money, so now it's a force that can't be dismissed."**

—Digium's Shannon Clemons

## PBX Market Share 2008



Source: Eastern Management Group

Indeed, open source telephony is enjoying a fair amount of success in the marketplace. According to research firm Eastern Management Group, open source telephony garnered \$1.2 billion in 2008 (the latest numbers available), accounting for 18 percent of the total telephony market. Of that, Asterisk accounted for about 85 percent of the open source telephony space. In the first half of 2009, the space grew an additional 30 percent, EMG noted.

Cost is a major driver in adoption of open source telephony. EMG research determined that the average proprietary PBX system costs a company \$700 to \$1,000 per end-user seat, while an open source system with the same feature set costs a fraction of proprietary systems, \$400 to \$600 per end-user seat.

"Asterisk is ... an incredible toolkit on which to build solutions with in-house expertise. It really allows us to build powerful solutions quickly," said Jeronimo Romero, CTO of EUS Networks, a New York-based telecom integrator. "It's so powerful, so easy to maintain, so easy to deploy — it catapulted our business and changed our focus. We used to spend months on trouble tickets that with Asterisk takes us only hours to solve."

**Open Source Objections.** Still, open source is not without its detractors — especially those companies that are more comfortable with the idea of an established name behind their mission-critical technology.

"It's great to have an open source project, but customers want support," said Dave Grazio, vice president of product marketing at eZuce, an open source unified communications platform vendor. "To take that step they want to see a commercial entity behind the project that will support what they want."

As the saying goes, "No one ever got fired for putting in a Cisco system," said Shambaugh, noting that made large organizations the exception among open source customers, and early adopters and techies the rule. "We had to sell a lot of people on what was considered an unknown and untried technology."

The FUD (fear, uncertainty and doubt) still exists, echoed Chris Wasp, president of Ronco Communications and Electronics, Buffalo. "People are slow to change, especially in large organizations. They're comfortable with what they have and that's the biggest obstacle we have — being able to communicate that that level of reliability and feature set will still exist."

If given the chance to have the conversation, Wasp said, the reception isn't necessarily cold. "They're pleased that there is an option," he said. "Education plays an important role."

Although prejudice against open source can prevail, the tide is starting to turn as companies see how the technology has matured and discover how ubiquitous open source telephony is.



"Open source delivers the three most important features needed in a communications system — reliability, scalability and long-term flexibility — at a more attractive cost. The ROI is staggering in comparison with proprietary systems."

— Special Applied Intelligence's Birch Shambaugh

"Open source technology is crossing the chasm," Digium's Clemons said. "At first it was the innovators that were doing it just to solve the problems, but they are making money, so now it's a force that can't be dismissed."

Clemons added that the U.S. government's open source initiative didn't hurt. "That really validated the technology when the government announced it was looking at open source. I think it's also a sign of the maturity of the technology."

**Downturn Drives Decisions.** Also doing its part to further open source as a viable alternative is the economy, which has forced many a company to step back from costly proprietary upgrades and instead invest in more cost-effective solutions.

"The economy is really having an effect on its adoption rate," Clemons said. "We hear our channel partners are getting invited into more deals because their customers are evaluating every cost."

"In today's business climate, the reality is that it's no longer feasible for companies not to consider a value proposition such as open source," Special AI's Shambaugh said.

As such, solution providers are finding a real value in open source telephony's flexibility as an add-on to existing infrastructures, enabling them to sell an entirely new feature set, from unified communications to video conferencing, to their customers without having the dreaded rip-and-replace conversation.

"What we hear from partners and customers is they already have an environment and it's cost-prohibitive to add on to," eZuce's Grazio said. "But with our solution they can reuse their existing infrastructure and layer on top. It works with their existing hardware and gives our partners the opportunity to upgrade without having to do a forklift upgrade."

Darren Schreiber, CEO of the 2600hz Project, which developed the FreeSWITCH open source telephony platform, noted a fair amount of interest in the technology from legacy Nortel users. "We have a lot of people with old Nortel systems looking at open source, especially those whose particular systems are being phased out or not supported anymore," he said.

"We install open source telephony quite a bit as an enterprise add-on," EUS's Romero said. "Many legacy systems don't have voice mail-to-e-mail or video conferencing bridges, for example, and for a fraction of the cost you are able to provide that enterprise add-on."

Romero said one customer with an old AT&T Merlin system planned to spend \$35,000 for a recording solution, but with open source they could have a new Asterisk-based phone system that included the recording solution plus a lot more features. "That's a common story with open source," he added.

Indeed, the number of open source success stories is growing as the technology continues to find its footing in the communications space.

"Enterprises, and particularly organizations that have substantial legacy IT investments, are being forced to figure out how to tie these systems together. Open source is exceedingly good at helping them solve these problems in a cost-effective manner that has never been seen before," Shambaugh said. "I think open source will continue to gobble up more of those expenditures."

EUS' Romero said the vast majority of new systems it sells already are open source — either Asterisk or Switchvox, Digium's commercial offer. "We also sell proprietary solutions, but the draw for those is much lower," he said. "They don't offer the same cost-benefit ratio that an open source solution does. With open source you choose your phones, and it's a wonderful proposition for a CFO because Asterisk is really the last phone system you'll ever buy. It marks the end of the proprietary card-based PBX system. It's a paradigm shift," he said. **CP**

*Charlene O'Hanlon is a freelance writer specializing in the technology channel.*



"We have a lot of people with old Nortel systems looking at open source, especially those whose particular systems are being phased out or not supported anymore."

—2600hz Project's Darren Schreiber



Switchvox is Digium's commercial Asterisk-based open source telephony system.



"Asterisk is really the last phone system you'll ever buy. It marks the end of the proprietary card-based PBX system. It's a paradigm shift."

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