

Pick the Time Best for the Enterprise to Implement IP Telephony

Bob Hafner

Internet-based telephony will eventually dominate in corporate phone systems, but the transition will occur gradually through at least 2003. Even with the improvements made recently to IP telephony, the technology is still maturing.

NEWS ANALYSIS

Event

On 30 April 2001, Cisco Systems announced it had taken its Internet-based phone systems to a new level with added features such as Web surfing, speech recognition and personal assistants.

Analysis

Gartner believes that through 2003 to 2005, most enterprises will begin the migration from circuit-based phone systems to IP telephony. The development of IP telephony by companies such as Cisco has created high expectations among enterprises wanting to take advantage of the new technology now. However, it remains an emerging, evolving technology, and the transition to it will come gradually, despite attempts by Cisco and others to talk up the market. Cisco's recent announcement that it had gone from providing the "basics" of IP telephony to supplying new applications and capabilities highlights the potential of these new systems. But it does not signal a need for enterprises to rush into an immediate migration.

Although the new generation of IP telephony will ultimately replace the old circuit-based systems, enterprises should make the transition only when it makes sense for them to do so. Cisco and other IP providers such as 3Com constantly improve IP telephony. Other companies, such as Avaya, Nortel Networks and Siemens, are working on both the circuit-switched and IP-based systems. Vendors need to show how their IP products offer significant value. After all, if the change offers no value to an enterprise, it has no need to implement it. Enterprises also need to determine their business needs and what services their phone systems do not provide.

The move to IP telephony is a key decision in the evolution of an enterprise's network. Enterprises should begin to plan now for the transition, but they also must be certain why they are changing systems and how much it will cost. As IP voice systems become more entrenched, feature development on circuit-switched alternatives will decline — a good reason why enterprises will need an IP solution.

If an enterprise does decide to move to IP telephony, it should go through a competitive request-for-proposal process to determine the most appropriate approach and vendor. Gartner estimates that without this process enterprises will pay at least 25 percent — and up to 60 percent — more for their IP telephony solution.

The IP technology market is good and will get stronger. Gartner believes enterprises should continue to monitor IP telephony upgrades and improvements but should move when the time is right for the enterprise, not the IP vendor.

Analytical Source: Bob Hafner, Enterprise Network Strategies

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