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Convergence: converging on us all

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We've all heard about "convergence" -- the predicted merging of voice, video and data applications -- and wondered when it would become an actual business reality. Or whether it were going to happen at all.

The answer to the second question is a definitive yes. And here's why: Voice-system manufacturers such as Avaya, Nortel, NEC and Mitel have stopped all research and development on traditional telephone systems and are focusing exclusively on converged applications. And they plan to stop supporting traditional voice systems altogether by 2007.

In other words, they are "end-of-lifing" current systems to make way for the new Internet Protocol Telephony, also called IPT, or simply IP.

These manufacturers are creating an urgency for firms big and small to look at their communications systems -- telephone, computer networks, wireless, etc. -- and plan accordingly. Knowing what's coming down the track positions you to both create a sizable return on your investment and get the edge on competitors.

Voice and network work teams - sometimes known as "the cats and dogs" -- have until recently tended to operate separately. When they did communicate, it often was terse at best.

Now these disciplines are being integrated, like it or not, and often are managed by one chief information officer. Networks formerly built to provide access only to common-area stored data files are being designed to provide support for voice, video and security demands.

Many companies delay embracing Internet telephony because of bottom-line concerns. The cost to upgrade a traditional voice system every two to three years usually averages 50 to 60 percent of the cost of the original platform.

The cost to build an IP installation initially are higher. But the cost to provide additional services is substantially lower. Whether it's an airline using computer/phone integration to take travel reservations or a national mail-order cataloger fulfilling shopping requests, call centers are the heart of many companies. And call-center efficiency can be greatly improved on IP platforms.

Affinity Plus Federal Credit Union, for example, recently converged its 20 locations to a centralized call-center model that accommodates 275 agents vs. the previous 35. After the cost of new technology is factored in, Affinity Plus will save \$1.5 million over five years with this system replacement.

Service contracts are lower, customer inquiries are answered quicker, call distribution is more evenly managed, disaster-recovery capabilities are enhanced and connectivity via a wide-area computer network eliminates long-distance charges.

The new Guthrie Theater now under construction will use an Internet telephony system that will provide complete voice and networking capabilities for the theater as well as for its reservations call center.

Significant dollars were saved because only one cable per user is being installed to support both computer and phone needs.

Full disclosure: Both Affinity Plus and the Guthrie are clients of my firm, N'compass. But they are hardly the only ones taking the IP plunge. Home Federal Savings Bank worked with Enventis Telecom, a subsidiary of Duluth-based utility Allete, to assess the merits of Internet telephony. "One initial justification," said Bobs Hoenisch, vice president of technology at Home Federal, "was long-distance savings between our offices. We're now saving more than \$7,000 a month on long distance alone. Plus we're enjoying rich features, such as desktop video conferencing."

The flexible nature of the technology also has allowed Home Federal to quickly deploy IP phones and messaging to remote sites and to telecommuters over a virtual private network.

For small and medium-size businesses, IP technology will allow them to avoid the capital costs of a voice-only phone system and the operating costs for long-distance service.

And costs probably will go down as more IP service providers compete with phone companies. This will create a ripple effect on the consumer level as today's phone systems are eclipsed by voice-over networks in homes as well as offices and factories.

As with any new technology, there are challenges. How can you sort out promises from fact in manufacturers' marketing claims and match the best product to your business requirements?

How can you leverage existing technologies when creating a common IP transport network?

What about costs? While there are many questions to be answered, there is no doubt where the technology is headed. The decision by voice-system manufacturers to no longer invest R&D dollars in their traditional systems means that we are fast approaching a technology tipping point when video, voice and data convergence will be the rule, not the exception.

So now is the time to review your tech-convergence plans. The train is leaving the station, with or without you.

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