

Competitive Landscape:

Small businesses are faced with a difficult task when it comes to selecting or upgrading their business telecommunication package. Very often, companies will start doing research based on their size or need and where they will be in a year. **Typically the economics of investing in a telephone system (PBX, KTS or Key system or hybrid PBX) that is feature rich and can scale to their potential growth precludes them from purchasing these powerful tools in the initial stages of a company.**

Total Cost of Ownership (TCO) for a PBX, KTS or hybrid phone system is an additional huge burden for a small company preventing smaller companies from considering a traditional business phone system and forcing them to rely on basic, multi-line phones and service. Even after this investment, customers could hear a busy signal if traffic exceeds the number of available lines without increasing capacity from local carriers. This drives up the monthly costs toll calls associated with owning a phone system.

The same issues apply to companies as they add new offices or look at upgrading existing outdated telephone systems. Companies doing research for adding applications such as voicemail, auto attendants or IP enablement to an existing phone system are also faced with the large sticker shock of adding to an already outdated telephone system. If a company needs to add an office, a unified communication plan is essential and many PBX vendors do not offer a solution for this. All in all, traditional telecom products add initial costs exceeding the benefits, administration and maintenance costs and complexity. **Customers should always ask themselves, “why put more money into an outdated piece of equipment if I can subscribe to a VoIP service for a fraction of the cost while having more features?”.**

A customer can usually get a turnkey Virtual Office service package for less than the price of a PBX upgrade for voicemail, IP enablement or simple IVR. All features are included in Virtual Office.

With Virtual Office, small businesses now have a cost effective feature rich alternative to the traditional business phone system that delivers power business telephone feature set and local and long distance without the huge investment up front or the ongoing maintenance costs associated with a feature rich expensive PBX. If a company has multiple offices with outdated equipment, Virtual Office is a viable cost effective alternative to upgrading a phone system at one site and gradually replacing all locations with Virtual Office and its modern features.

Direct Competitive Landscape

When comparing Virtual Office to some of the other hosted business phone providers 8x8 Inc. sets itself apart because the technology is owned and managed by 8x8 Inc. 8x8 has a pedigree of delivering and innovating voice and video with a track record in this area. We pay no licensing nor require outside support for our switching enabling us to be quick to respond for our customers. Additionally Virtual Office is broadband agnostic allowing users to be on any broadband carrier and any broadband type, and only uses 30Kbps per concurrent call. The more well know vendors such as Speakeasy and Covad license either Broadsoft and/or Sylantro soft-switches putting them in the middle without internal resolution when customers have problems. These companies by nature are broadband companies that have broadband sales goals requiring their connection for every location creating a connection price starting at \$500 per site regardless of the number of extensions. These competitors also use 90Kbps per concurrent call, 2/3 more than Virtual Office driving cost to the user per connection costs.

What is 8x8?

8x8 Incorporated, one of the leaders in Internet phone service, is a Silicon Valley company that offers Packet8 Voice over Internet protocol (VoIP) residential, video and business service along with its Virtual Office VoIP hosted PBX solution for small and mid-sized enterprises. 8x8 is a publicly traded company on NASDAQ under the ticker symbol EGHT holding close to 70 patents on voice and video over all types of transmissions.

What is Packet8 – Virtual Office?

Packet8 Virtual Office is a VoIP hosted PBX service tailored to small and medium sized businesses. The service literally eliminates the capex of a phone system as well as eliminates monthly maintenance costs by hosting over broadband a feature rich PBX service including maintenance for life included in the monthly price. With no on-site equipment other than business class phones, Virtual Office allows business customers anywhere in the world to employ a VoIP hosted PBX service that permits an unlimited number of "extensions" for staff located in the same building or spread far and wide across the world. Virtual Office only requires a broadband connect to the phones and because the service and applications hosted they are always running regardless of the phones connection ensuring calls are never missed in the even of a power outage or loss of internet.

Virtual Office regularly cuts traditional business phone system start up costs by 90% and monthly phone bills in half.

Virtual Office subscribers receive numerous corporation-class PBX features outlined below:

Key Virtual Office Features

- Unlimited Calling to the US and Canada a benefit afforded to all Virtual Office customers on the Unlimited Extension plans regardless of the extension location in the world.
- Extension dialing means a call to another co-worker across the globe could be a 3 digit dial at no charge, regardless of where the extensions are located worldwide.
- A direct dial number and non blocking dial-tone service for every extension.
- Auto-attendant allows for dial by name, dial by extension and company directory, also enables functional groups to be presented to callers such as sales, or support.
- Business-class voicemail for every extension features email notification, several personal greeting options and one number access / find me follow me.
- Conference bridge is a powerful communication platform enabling 20 people to communicate at once and is accessible from any telephone.
- Ring groups with unique voicemail enable groups of extensions to be called when needed for special teams such as sales, support and billing for example.
- And many more like caller ID, call waiting, 3-way calling, forwarding, etc.

Virtual Office service costs just \$99.99 for the phone directly from www.packet8.net. An initial start up cost for the service includes a \$39.99 activation fee per extension, a \$24.99-\$79.99 monthly service fee per extension per month depending on desired type of service, + \$1.99 E911, and \$1.50 regulatory fee is required per month. There are also service plans that include hardware at no additional costs (Virtual Office PLUS Plans).

The monthly service includes full administration through the life of the service subscription. Self service web access and user controls are all included in the price.