

Telecommunications Magazine **Business bundles: keep them simple**

Easy to understand plans are key to SMB service success

By Sean Buckley

Wed. June 11, 2008

It may sound cliché, but any service provider rolling out an SMB services plan should use common sense and just keep it simple.

Ken Smith, vice president of Qwest Business Marketing Group, was telling me about one of his—gasp!—simplified long-distance service plans.

Okay, I know you're thinking I mean long-distance service. Yawn.

An SMB focusing on legal services or one providing radiology services, for example, need straightforward long-distance plans that will help reduce costs because these companies would rather put their money into their businesses.

With Qwest's proposed 4x4 long-distance service package, an SMB will pay 4 cents for all inter- or intrastate calls.

Smith offers this example: "Say I am in Iowa and my intrastate rate is X, and the rate in my office in Montana is Y, but if I call interstate it's going to be something different," he says. "We said let's take the noise out of this and put together a 4x4 offer so anywhere, anytime, in-state or out of state, your LD is 4 cents a minute. It just simplified the expense management for customers."

Most small businesses, all of which lack the knowledge and interest to understand telecom nomenclature, would welcome a simple long-distance package with open arms. Qwest's idea would resonate not only with SMBs but also might attract the midsize business supporting smaller satellite offices with one or two lines cutting across state borders.

Bandwidth equality

Despite increasing efforts by the service provider community, driven partly, I think, by competition from CLECs and more importantly cable MSOs, bandwidth to smaller businesses has been anything but equal.

Larger operators struggling to serve this diverse market created this so-called bandwidth inequality. For most incumbents, more money can be made on the golden goose of larger business.

Most fiber buildouts to create higher-speed services beyond DSL and T1 have been pretty limited outside large NFL cities or areas within Verizon's FiOS SMB reach.

If you're an SMB with bandwidth needs extending beyond 1.5 T1 service or best-effort DSL, your options are fairly limited to buying either another T1 circuit or an additional DSL line, or making the quantum leap to DS3, or waiting to see if an operator brings fiber to your town. All of these options are fairly prohibitive.

But there is hope.

A growing number of CLECs and cable operators are making good on expanding the capabilities of existing copper with Ethernet over copper (NuVox, Integra and XO) and enhanced DSL services (New Edge offers DSL with new CoS capabilities). (See http://www.telecommagazine.com/search/article.asp?HH_ID=AR_4114&SearchWord= and [Broadband hits the SMB spot](#))

Meanwhile, cable, which feels ILECs encroaching into its video domain, continues to step up with its own bundled offerings for SMBs. Cable operators can leverage existing coax already passing by main streets, back roads and businesses. Actually, an estimated 75 percent of a cable operator's HFC networks pass within a quarter mile of most SMBs.

In addition to cable operators and CLECs fighting the ILEC for the SMB dollar, some pioneering vendors are getting into the act.

Mushroom Networks with its Porcini Broadband Bonding Network Appliance claims it can bridge the velocity gap by boosting the speed of an existing T1, cable or DSL line right at the customer site. The benefit, argues Mushroom Networks, is that customers can buy the device directly off its site without having to coordinate with their providers. (See: [Mushroom Networks bonds with the SMB](#))

To date, Mushroom has not signed up any service provider customers. This means Mushroom and its UK-based competitor Sharedband must go through the inevitable "show me" cycle. While no customers have been announced, I can see a smaller CLEC offering up the Porcini or the larger Truffle device as part of a boosted bandwidth bundle.

A meaningful bundle

The drive continues to target the customer with SMB-based bundled deals.

Whether it's a complete package of long distance, local telephone and all-you-can-eat data, there's plenty of opportunity to extend a bundle to a market thirsting for alternatives.

But if you're going after the SMB with a bundle, be flexible in how you deliver it. Service providers will need to take a more consultative approach and understand what the SMB's needs are to be successful.

A 9Mbps data package with buckets of long distance, wireless and local phone, while the best fit for the multi-location real estate company, might be overkill for the hardware shop. Simply throwing out a blind package won't work. Deciphering the SMB's needs and developing a service plan with simple language, while not easy, can be done.

An SMB's singular goal is to advance its businesses, not learn telecom. If you're a service provider selling a bundled package, the best approach is a consultative one. Sit down and try to understand how your package best suits the SMB's business needs.