

Pros and cons of hosted PBX phone service vs. on-site telecom hardware

We are all aware of how dramatically technology has and continues to influence the way we spend our leisure time and how we run our businesses. One of the big areas of change is in voice communications.

Originally, telephone services were managed by the "telephone company". Except for the telephone set itself, all the equipment resided at the telephone company central office. As communication by telephone grew, however, businesses and organizations found the need to manage their own telephone services. That is when private branch exchanges (PBXs) came into existence. With a PBX, the equipment was installed and maintained at the business location. This approach provided businesses with far more flexibility and the ability to customize their telephone services to meet their individual needs.

During the PBX era, businesses had little choice but to use the onsite PBX model.

With hosted PBX phone services becoming available over the past few years, businesses now have an alternative to the onsite PBX. Today's choice is between using a Hosted PBX or Customer Premise Equipment (CPE). There are advantages and disadvantages to each, so you'll need to determine which option is right for your business.

Each approach offers some or all of today's most wanted capabilities, including unified messaging, unified communications solutions and extensive mobility options that integrate users' smart phones with the business telephone system.

Which option is right for your business relates to its type, size, budget and growth plans. The following lists can help you evaluate the pros and cons of each of the two options:

Hosted PBX:

Hosted PBX services are a product of the evolution of the Internet and cloud computing. Today, the features that were once achievable with an installed PBX system are now available using voice over Internet protocol (VoIP), also referred to as Hosted PBX.

PROS	CONS
<ul style="list-style-type: none"> • Avoids the capital investment of purchasing onsite PBX equipment. A buyer of hosted PBX services need only purchase VoIP telephones for each user. 	<ul style="list-style-type: none"> • Monthly cost is ongoing and will increase over time as users or seats are added. Monthly costs can be significantly more than onsite PBX costs as the number of users grows.
<ul style="list-style-type: none"> • Eliminates the need to dedicate space within your facility and the installation of the central PBX equipment. 	<ul style="list-style-type: none"> • There is often a charge for extra calling minutes outside of a chosen plan.
<ul style="list-style-type: none"> • Eliminates the maintenance cost of the central PBX equipment. 	<ul style="list-style-type: none"> • May require additional or dedicated Internet bandwidth to support the hosted PBX services. When the Internet is down, your communication service is down. If your Internet connection is not performing well, you will experience voice quality issues.
<ul style="list-style-type: none"> • Can easily be expanded as your business grows. 	<ul style="list-style-type: none"> • Control is in the hands of the hosted PBX services provider. If you need service, feature changes or additions you will have to contact the service provider.

(continue pg. 2)



IDEACOM[®]
NETWORK

1-866-IDEACOM
(433-2266)
www.ideacom.org

PROS	CONS
<ul style="list-style-type: none"> • Provides access to the most needed features in a typical business environment. 	<ul style="list-style-type: none"> • Provider may be slow to adapt to change and may not customize to meet one customer's needs.
<ul style="list-style-type: none"> • Is at lower risk of loss of service due to business-interrupting disasters since the equipment is off-site. 	<ul style="list-style-type: none"> • Features vary from provider to provider.

Customer Premise Equipment (CPE):

Employing the traditional PBX system, all CPE devices are located at your business. Your business can own or lease this equipment.

PROS	CONS
<ul style="list-style-type: none"> • Once hardware is purchased and installed, costs can be more easily controlled. 	<ul style="list-style-type: none"> • Requires larger initial investment to purchase equipment if not being leased.
<ul style="list-style-type: none"> • Provides an extensive capabilities set that can be easily customized to the needs and wants of the business and individual users. 	<ul style="list-style-type: none"> • Special accessible storage space required for the installation of the hardware.
<ul style="list-style-type: none"> • Own versus rent. Typically, if the onsite PBX is to be utilized for more than 48 months, the total cost of ownership will be less than hosted PBX services. 	<ul style="list-style-type: none"> • Requires in-house or out-sourced technical support for maintenance and upgrades
<ul style="list-style-type: none"> • Equipment is an asset that has equity and can be resold. 	<ul style="list-style-type: none"> • Data and voice communication can be lost in case of a disaster, as all the equipment is located on-site.

Evaluate your options carefully.

There are pros and cons to both choices and significant differences in the total cost of ownership over time. Call us for a detailed analysis of your own business communication requirements. As resellers who offer both hosted PBX and CPE we can thoroughly analyze your needs and provide a professional telecommunications recommendation based upon your unique situation.