Orchestrating Hyperconnectivity

WHITE PAPER / VOIP + PBX

Comparison of On-Premise PBX and Cloud-Based VoIP

With the numerous Voice over Internet Protocol (VoIP) technology advances in recent years, it's now nearly impossible to tell between a cloud-based call and a call made on traditional phone lines.

However, there is great difference between cloud-based VoIP and on-premise PBXs when it comes to cost, IT upkeep, potential downtime, and more. The decision isn't as simple as selecting whether or not you prefer to own all of the VoIP equipment or pay a monthly service fee to have someone else host the equipment for you.

This guide aims to walk you through each consideration for cloud-based vs. premise-based phone systems and help you make the right choice for your business.

CONSIDERATION #1:
Cost Breakdown of Service Fee vs. Purchase

On-premise PBXs normally require a larger upfront capital expenditure that can be paid for over time.

With on-premise PBX's, companies are required to make an upfront purchase or lease payment for the system. This is an important consideration especially if you are a new business and are looking to keep as much operating capital available as possible. Even with the purchase of a phone system, there will always be a service fee for the actual telephone service (i.e. the cost of making and receiving phone calls).

The phone service is either comprised of traditional PRI/phone lines or SIP service. Using SIP will allow you to share the costs of access by using your Internet connection, instead of paying separately for phone lines.

For the right businesses, owning the system outright via an on-premise

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PBX is an advantage. Businesses that have a large number of users and only use a small amount of phone service may be better off with this type of system.

On the contrary, businesses that prefer to defray the upfront investment by paying smaller monthly fees for a Hosted VoIP Solution would find a cloud-based solution helpful in freeing up operating capital. Hosted VoIP requires a service fee and only the purchase or lease payment for just the physical telephones.

CONSIDERATION #2:
Phone System Upgrades and Enhancements

With premise-based systems, upgrades and enhancements are typically part of an annual maintenance agreement that is necessary for premise-based systems.

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Deciding what upgrades to invest in is entirely in your control, and many times there is a cost associated with an upgrade.

With cloud-based VoIP, the service provider handles and implements all of the upgrades to the service enhancements. There is no cost for the end user. Another advantage to cloud-based systems is that you can begin leverage new features as they become available, without the headache of managing upgrades, testing and roll-outs. In most cases, upgrades and enhancements are part of the service you are paying for each month.

CONSIDERATION #3:
Maintenance – Adds, Moves, Changes, and IT Staff Support

A premise-based IP PBX normally requires a maintenance agreement so if anything fails, a service technician can be dispatched to repair or replace a part. This is a necessary cost to keep inbound and outbound calls working.

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Maintenance of a system is normally about 15% of the purchase price, but can vary depending of the phone system provider.

Some vendors might also charge a fee for reconfiguring or doing adds, moves, or changes. Firms that select an on-premise phone system will many times have IT personnel on staff that are well-versed and knowledgeable with the IP PBX system. If not, there is usually a fee for making changes to the system.

With cloud-based systems, the system provider is responsible for all maintenance and upkeep of the system. This allows businesses to either save money on their outsourced IT service, if they don't have internal IT staff, or at least give their internal IT staff one less thing to worry about.

Most cloud- based systems provide you with an interface so you can make the changes yourself, or will make those changes with no cost as part of the service fee each month for the system.

CONSIDERATION #4:
Downtime And Disasters

Phone system problems occur from time-to-time. Just like with any technology, it's great when it works, but can be a headache when it doesn't. A premise-based system exposes a business to potential downtime, as there is a single point of failure. The business needs to make sure there is power back-up and a room that has the right environment for the system (i.e. ample air flow, air conditioning, etc.) at their facility.

Reputable hosted VoIP companies maintain redundant data centers and perfect their own disaster recovery scenario so that if one location goes down.

With any business that has multiple locations and one IP PBX, if the location that houses the IP PBX goes down, either from a component on the system or a failure of communications to the building, the entire company is affected. This can be a nightmare situation for internal IT staff.

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Reputable hosted VoIP companies maintain redundant data centers and perfect their own disaster recovery scenario so that if one location goes down, calls can be re-routed to other locations or to cell phones. More times than not, customers have no idea that there is a local problem with the system as there is no visible or audible impact to the customers' businesses.

CONSIDERATION #5:
Growth & Expansion

For growing businesses, on-premise systems may require a hardware upgrade or expansion of phone lines when there is a burst in the volume of calls to a business. While the business maintains control of the systems and hardware, the appearance of a one-time capital expense may require multiple "add on" expenses to keep up with growth and change.

With hosted, however, the cloud is infinite in its ability to help a business grow and expand. If there are 100 calls within a short period of time, a business may not have enough people to answer the phone, but the system allows calls to either be answered by other parties and/or allows callers to leave messages that can be returned when normal call volume resumes.

The ability to add a location or remote user is as easy as ordering new phones, adding them to a hunt group or auto attendant, and just plugging in the new phone to the Internet connection. The number of people supported at a single location can easily be expanded if there is enough bandwidth on the Internet connection to support the calls.

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In Summary

The decision of premise-based vs. cloud-based phone systems is a unique one for all businesses. In either case, when businesses partner with a firm that offers guidance and expertise in both scenarios, reaching the best decision for your business becomes easier.

About Globalgig

Globalgig orchestrates hyperconnectivity for the enterprise business continuum using managed communications solutions. Globalgig provides wireless connectivity across a 100-plus country footprint and offers a full suite of communications services and products including Hosted VoIP, Mobile Device Management, Wi-Fi Hotspots, Remote Office and Backup, Technology Expense Management and IoT/ M2M connectivity solutions. Globalgig is a registered brand of iGEM Communications Holdings LLC, which does business as Globalgig. Globalgig is headquartered in San Antonio, Texas, with offices across the U.S., and in London and Sydney. For more information, visit **www.globalgig.com.**

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Inquire about cloud based VoIP
and PBX for your business at:
sales@globalgig.com

844-483-5474
globalgig.com