

WHITE
PAPER

10 Hidden Costs of a Premises-based Phone System





Many premises-based phone system (PBX) manufacturers claim that the five-year costs of their systems are lower than an equivalent cloud PBX alternative. What the premises guys don't tell you about is all the extra hidden costs that come as a result of the limitations of the hardware and software in their systems. This guide will provide you with useful questions to ask a PBX manufacturer so you can get the full picture on the cost of their system.

QUESTION TO ASK ►

HAVE YOU SIZED
THIS SYSTEM FOR MY
PEAK DEMAND?

FLEXIBILITY

How can PBX systems cope with peaks and troughs in demand? They can't. You have to buy capacity for peak utilization. This may only occur for a couple of weeks a year, but is so critical to your business that you have to pay extra. With a hosted system, you can just pay for the peaks if and when they occur.

REDUNDANCY

Adding site redundancy will add at least an extra system to your costs. Look at how the PBX system handles calls if you lose the equipment room due to flood, fire or electrical failure. Because a hosted system is in the cloud, your business communications service is always available on multiple devices.

◀ QUESTION TO ASK
HAVE YOU FACTORED IN
THE COST OF
SITE REDUNDANCY?

QUESTION TO ASK ►

HOW MANY HOURS OF
CALL RECORDING HAVE YOU
QUOTED ME?

WHAT IS THE MAXIMUM I CAN
BUY? HOW MUCH WILL IT COST?

RUNNING OUT OF CAPACITY

On-premises systems rely on servers for features like call recording — and that means they have a finite disk capacity. When you run out of space, you cannot record any more calls. This will be problematic if you have a regulatory requirement that requires you to record calls. With a hosted system, your recordings are stored in the cloud, so you don't need to worry about storage capacity.

THE COST OF OBSOLESCENCE

The average lifespan of a premises-based system is about 7 years, mainly due to the hardware going obsolete in that time. You may also discover that the features your business relies on are no longer being upgraded, leaving you with a system that cannot meet your future business needs. A cloud service is an evergreen platform that continually adds new features to improve employee productivity.

◀ QUESTION TO ASK

HOW OLD IS THE PRODUCT?

WHEN WILL THE
MANUFACTURER STOP
DEVELOPING FOR IT? HAVE
THEY STOPPED ALREADY?

QUESTION TO ASK ►

HOW IS MOBILITY
SUPPORTED ON
THIS SYSTEM?

DO CALLS ROUTE IN
AND OUT OF THE PBX FOR
CALL TREATMENT?

IF THEY DO, HOW MUCH
EXTRA WILL THAT COST ME
IN TRUNK CALLS?

MOBILITY

Mobile integration with the PBX is cumbersome. It often results in additional call charges on the PBX trunks, with calls being hair-pinned in and out of the system. In contrast, a hosted service is naturally built to enable mobility. Mobile applications integrated with the hosted service enable you to place and receive calls from any smartphone or tablet using your business phone number.

SECURITY

If a premises-based PBX is not constantly updated and patched, it could be vulnerable to a cybersecurity attack. Keeping it current often requires you to pay an annual maintenance fee or large one-time upgrade fees. With a cloud service, the service provider takes care of these updates for you. Because a hosted phone system lives in a highly secure, carrier-class network, it's purpose-built to protect you from service interruptions, denial of service attacks, and other situations that could impact your communications.

◀ QUESTION TO ASK

HAS THIS TYPE OF SYSTEM
HAD ANY RELIABILITY OR
SECURITY ISSUES?

HOW MUCH DOES IT COST
TO KEEP IT CURRENT?

QUESTION TO ASK ►

WHAT ARE THE ANNUAL MAINTENANCE COSTS OF THE HARDWARE AND SOFTWARE IN THIS SYSTEM?

WILL THEY RISE AS THE SYSTEM GETS OLDER?

QUESTION TO ASK ►

WHAT HAPPENS IF THE SYSTEM SLOWS DOWN DUE TO SWITCHING ON EXTRA FEATURES?

DO I HAVE TO PAY FOR ANOTHER UPGRADE?

IF SO, HOW MUCH WILL IT COST ME?

MAINTENANCE COSTS OF THE HARDWARE

With PBX systems, you need to factor in the maintenance costs of on-premises hardware: that is, all the server hardware that may fail due to over-heating or spikes in the power supply. With a cloud service, all the system hardware is located in the service provider's data center, so you have no direct maintenance costs.

INTEGRATION COSTS

Need to integrate with a CRM system? This is the most common requirement of a PBX. It normally costs you extra to get a system integrator to perform what can be a complex task. With cloud-based systems, the integration is already done and can be switched on at a moment's notice.

PERFORMANCE

The more features you switch on in a premises-based system, the more likely it is that your system will need an upgrade to the processor board. This is rarely factored in at the time of purchase and can end up costing you thousands, because you are in effect replacing the entire core of the system. With a hosted system your performance never changes, thanks to the virtually limitless amounts of processor capacity available in the cloud.

MANAGEMENT

System management can be costly and is often overlooked. Phone systems need to be maintained. That can cost a lot, especially if your system is integrated with other applications or IT services. Outsourced management to a third party will incur charges for a minimum number of service calls per year regardless of use. With a cloud service, you can easily self-manage the system with a simple web interface. You can easily manage remote sites from a central location without a large number of field personnel.

◀ QUESTION TO ASK

WHICH THIRD-PARTY SYSTEMS HAVE

YOU INTEGRATED THIS PBX WITH? HOW MUCH WILL IT COST?

◀ QUESTION TO ASK

HOW MANY HOURS PER WEEK WOULD IT TAKE TO MANAGE MY SYSTEM?

HOW MUCH WILL IT COST TO HIRE AN ENGINEER TO SUPPORT THIS?



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