

10 HIDDEN COSTS OF AN ANALOG PBX PHONE SYSTEM

AND HOW YOU CAN BENEFIT FROM THE SWITCH TO A CLOUD-BASED PBX

Analog phones or traditional landlines have supported businesses for decades, but the internet is changing the way we communicate. With cloud-hosted phone systems, your business communication is carried out across the internet providing wider flexibility and more resources. Here are the questions you need to ask to make sure you are getting the best communication solution for your business.



Standard landline phones or in-house PBX phone systems are the traditional analog phones that have been in use for decades. If you are on one of these systems, when your employees pick up a phone and make a call to a customer, the in-house analog phone system converts voice waves into electronic signals.

Hosted PBX and Voice Over Internet Protocol (VoIP) systems on the other hand, are cloud-based and use the internet to package voice signals into packets of data that travel like any other type of data over your Internet Protocol (IP) network. So, when employees pick up a phone to talk with a customer, your network transmits voice signals through your internet connection.

There are several differences between analog phones and hosted PBX phone systems. The main ones being the major cost savings per call and greater mobility offered on hosted PBX systems. Businesses want to control cost and while the low initial cost and simplicity of analog may be persuading, consider ongoing costs and functional limitations of the systems. Hosted PBX works off your internet connection, eliminating the need for in-house servers and their expensive management, and because there are no physical hardware requirements, updates can be made from the cloud at any time. With hosted phones' internet connections, you only deal with one account and one bill for both internet and phone, any many providers will give you a discount for having both. Your hosting provider handles all IT support and all management is performed through web interfaces, eliminating the need for on-site IT staff.

The convenience and scalability provided by hosted PBX is unmatched by standard analog phones. Since hosted PBX is connected to the cloud, it can be configured to remote devices and locations. This allows employees to take their telephone service with them anywhere in the world when they need to remain office productive, as long as they have internet connection. Hosted PBX also offers a variety of free calling features that would normally incur an extra charge on traditional landlines like voicemail to email, CRM integration, online administration, and more, and adding more features is as simple as downloading it to your device.

While Hosted PBX may seem to have more advantages than the traditional landline, analog has managed to stick around for years, mainly because it is relatively inexpensive to purchase and the functions it has during emergencies. In a blackout, your internet-based phones may not work, but analog phones perform fine because they have their own power supply. Hosted PBX phones can continue to work in a power outage if the correct procedures are followed. Backup power supplies are essential to ensure that your network stays up. Most hosted PBX systems can also be configured to route calls to a smartphone or alternate site during outages, so your customers will not even know that anything has changed.¹ Landlines, however, are still more dependable for 911 calls because your address connects to your phone line, giving the exact location of your call, whereas hosted PBX can be used from virtually any internet connection and may not correctly transmit users' phone number and location.²

IS ANALOG ACTUALLY CHEAPER?

Is it worth it for your business lines to be powered just by analog phones because of the emergency functionality? Standard PBX manufacturers claim that their systems are lower in cost than the equivalent hosted PBX and VoIP alternatives. But what they do not tell you is all the extra hidden costs that come as a result of the limitations of the technology associated with it. While it can be a good idea for your business to own one or two analog phone systems in case of emergencies, carrying out your business on a hosted PBX, cloud-based system is a far better option.

If you are still on the fence about hosted PBX, here are ten important questions to ask to be sure you are getting the best communication solution at the optimal cost for your business:

1. HOW CAN PBX SYSTEMS COPE WITH PEAKS AND TROUGHS IN DEMAND?

Analog: With PBX you have to buy capacity for the peak utilization which may only occur for a couple of weeks a year but is so critical to your business that you have to pay extra.

Hosted PBX: With hosted you can just pay for the peak as and when it occurs.

2. HAVE YOU FACTORED IN THE COST OF SITE REDUNDANCY?

Analog: 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.

Hosted PBX: Because hosted is cloud-based, your business communications service is always available no matter what happens at your site location.

3. HOW MANY HOURS OF CALL RECORDING HAVE YOU QUOTED ME?

Analog: PBX phone system rely on servers for features like call recording that have a finite amount of disk capacity. When you run out of space, you cannot record any more calls.

Hosted PBX: With hosted, the recording capacity is managed in the cloud, so you don't need to worry about limited storage capacity. You pay for only what you use.

4. HOW MANY HOURS PER WEEK WOULD IT COST TO MANAGE MY SYSTEM?

Analog: Maintenance costs are often overlooked and can cost a lot especially if integrated with other applications/IT services. Outsourced management to a third party will incur charges for a minimum number of service calls per year regardless of use.

Hosted PBX: With hosted, all your management is performed via web browser. All remote sites can be easily managed from a central location without a large number of field personnel.

1 <https://gotrunk.com/how-do-you-deal-with-a-voip-power-outage/>

2 <https://www.fcc.gov/consumers/guides/voip-and-911-service>

5. WHAT HAPPENS IF THE SYSTEM SLOWS DOWN DUE TO SWITCHING ON EXTRA FEATURES? DO I HAVE TO PAY FOR ANOTHER UPGRADE?

Analog: 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, rarely factored in at the time of purchase.

Hosted PBX: With hosted, your performance never changes with limitless amounts of processor capacity available in the cloud.

6. WHAT IS THE LIFESPAN OF THIS PRODUCT?

Analog: The average lifespan of a PBX system is approximately seven years mainly due to the hardware going obsolete in that time. You may also discover features your business relies on are no longer being upgraded, leaving you with a system that cannot meet your future business needs.

Hosted PBX: Hosted continually adds new features and regular updates to improve employee productivity through the cloud.

7. HOW IS MOBILITY SUPPORTED ON THIS SYSTEM?

Analog: Mobile integration with PBX is often tiresome and ends up with additional call charges on the PBX trunks.

Hosted PBX: Hosted connects as many locations, people, and devices as your business needs.

8. WHAT HAPPENS IF I GET HACKED – DO I HAVE TO PAY ALL THE COSTS?

Analog: Smaller PBX systems are prone to fraud attacks that can leave huge bills to be paid by the business that is attacked.

Hosted PBX: With hosted, your phone system is protected by a highly secure cloud-based network, so worry is minimal.



9. WHAT ARE THE ANNUAL MAINTENANCE COSTS OF THE HARDWARE IN THIS SYSTEM?

Analog: With PBX you need to factor in maintenance cost of on-premise hardware and specific phone parts that can be expensive and hard to find. Upgrading to new hardware in the middle of a contract can be expensive.

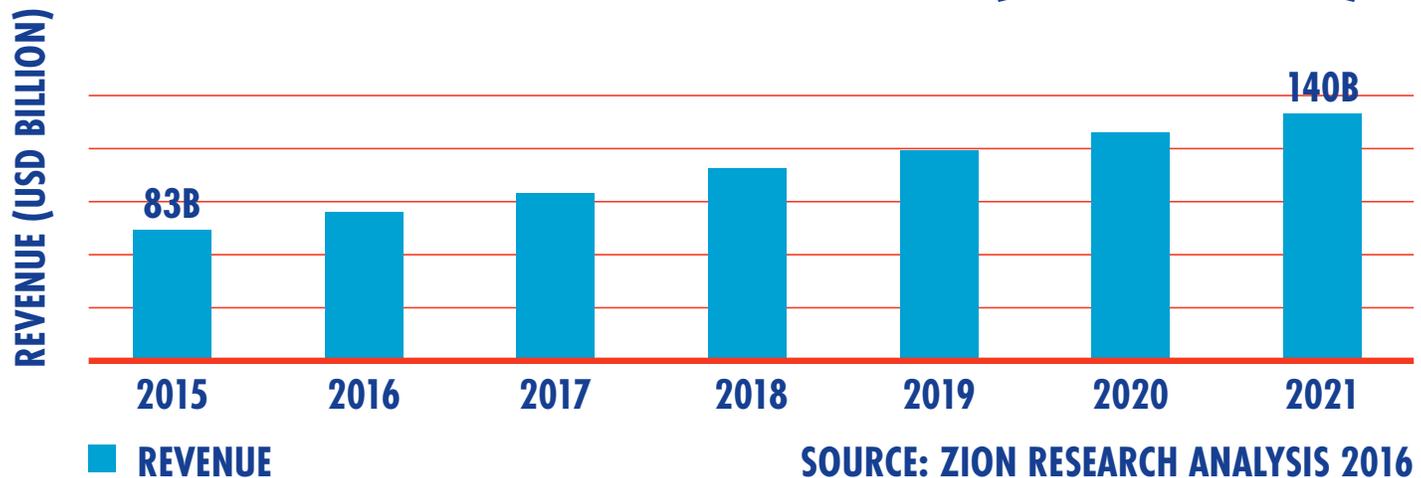
Hosted PBX: With hosted, you can eliminate all on-premise hardware costs because all of the system's hardware is in the data center, so you have no direct maintenance cost, just a phone and a wire to a LAN.

10. WHICH THIRD-PARTY SYSTEMS ARE INTEGRATED WITH THIS PBX? HOW MUCH WILL IT COST TO ADD MORE?

Analog: With a traditional PBX system, most integrations come with extra fees. CRM is the most common requested integration and normally costs extra to get a system integrator to perform the task.

Hosted PBX: With a hosted cloud-based system, the integration is already in place and can be switched on at a moment's notice, and most integrations don't cost extra.

GLOBAL VoIP MARKET 2015-2021 (USD BILLION)



THE HOSTED PBX MARKET

Hosted PBX has grown rapidly since its commercial introduction in the late 1990s and continues to transform business communication. According to Zion Market Research, the global VoIP services market is projected to surpass \$140 billion in revenue by 2021, up from \$83 billion in 2015.³

It is no surprise that hosted phone systems continue to grow as the cost savings are undeniable. In its infancy, small business hosted PBX users were saving at least \$1,200 per month and getting phone systems with three times the capacity⁴, and today businesses can see a cost savings of 50 to 75 percent after switching from traditional landlines.⁵

Not only is hosted PBX more affordable with less maintenance and hardware updates, but the functionality allows your staff to communicate whenever and wherever with a host of advanced features. Recent research says that 70 percent of people globally work remotely at least once a week.⁶ In today's digital world, employees need the ability to collaborate on projects from across the country, and with hosted PBX you can connect as many people, locations, and devices as your business needs. Employees have access to conference calling, video and Skype features, email integration, and more. Hosted PBX can grow with your business, upgrading to new plans as needed, instead of predicting how much call time you are going to need, risking lower call limits or a higher, more expensive plan that you do not need.

PEACE COMMUNICATIONS FOR HOSTED PBX

If you want a more cost-effective phone system with advanced features and better collaboration there is really no reason your business should not be using hosted PBX. While analog may be working fine now for your small business, consider choosing a hosted phone system for added benefits and greater mobility. Peace Communications delivers the best hosted PBX system in the region with the greatest value. From small home offices to large enterprises, Peace Communications can eliminate costs by leveraging your phones' existing network and freeing up IT resources. In addition to the great hosted PBX offerings, Peace Communications also delivers the highest level of security to compliance standards such as GDPR, PCI DSS, HIPAA, and other newly enacted US data security legislation for your VoIP phone systems.

For more information on how hosted PBX can benefit your organization, contact Peace Communications for an IT assessment and find the phone system that fits all your business needs.

3 <https://www.nextiva.com/blog/pstn-vs-voip-vs-pots.html>

4 https://www.pcworld.com/article/224466/pbx_to_voip.html

5 <https://blog.jive.com/how-much-money-can-you-save-switching-hosted-voip/>

6 <https://www.cnbc.com/2018/05/30/70-percent-of-people-globally-work-remotely-at-least-once-a-week-iwg-study.html>