



HOSTED VOIP VS VOIP PBX



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Settling Between the Two Systems

Thinking about installing a VoIP phone system for your business? Make sure you know all about both hosted VoIP and VoIP PBX before you make your decision. This free guide arranges the details of both systems so that you can purchase the solution that will most benefit your organization.

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SETTLING BETWEEN THE TWO SYSTEMS

Introduction

As high-speed Internet access is fast becoming available and affordable for Small business, the choice of Voice over Internet Protocol (VoIP) based phone systems is growing dramatically in popularity among businesses of all shapes and sizes. The VoIP acronym itself sounds enticing enough to warrant a look. And with all of the attention lately being generated due to VoIP's ability to being more flexible, very feature rich and an extremely cost-effective alternative as compared to placing calls over traditional legacy phone systems, definitely makes VoIP more attractive. If you're at the stage of thinking about installing some type of a VoIP phone system for your business, then you've more than likely considered either Hosted VoIP PBX service or a VoIP PBX in-office system . The big Question is which solution is best for your company's needs? Before you can decide that, it's important to understand the key differences between Hosted VoIP Service and VoIP PBX phone systems. The following information should help you decide which solution will best meet your company's requirements needs.

What's a Hosted VoIP System ?

With a Hosted VoIP PBX, the carrier or Telecom provider manages your entire phone system and service. Your company simply downloads any necessary software to make the system operational and keep it up to date.

In addition to any initial setup and activation costs, you may need to purchase New IP telephones for use with Hosted VoIP (*However Many Carriers Offer them FREE of Charge*). The phones can also be leased, if that better meets your needs. The Hosted VoIP provider then externally manages and provides all other hardware. Once all of the components are in place, the Hosted VoIP provider takes over and handles all call management.

About VoIP PBX

A VoIP PBX system differs from Hosted VoIP Service in that your business is responsible for purchasing, installing, managing and maintaining all hardware on site. Instead of an outside VoIP provider taking care of all call maintenance and system updates that responsibility falls on your company with a VoIP PBX.

A VoIP PBX setup is a much more elaborate phone system than a Hosted VoIP service, but it is also much more robust. You can also easily add a VoIP PBX setup to an existing phone system with a VoIP gateway.

What are the Key Differences?

Most of, if not all of the phone system features that a Hosted VoIP system offers can be found in a VoIP PBX system. If your company uses toll-free numbers, D.I.D's, email integration, or faxing software, either of the technologies will provide those services. The main difference between the two types of phone systems lies in the upfront costs, where the major hardware resides as well as ongoing maintenance costs.

With very little upfront investment aside from the setup and IP phones, a Hosted VoIP system is usually cheaper and easier to manage from a cost standpoint. As well as with the Carrier managing the phone system, there are no ongoing maintenance fees. You also don't need to employ an IT person to manage your phone system. However, fees can add up if you wish to add additional services, or even new users.

One important aspect of Hosted VoIP pertains to bandwidth. Hosted VoIP requires far more bandwidth and that can lead to additional recurring monthly cost. According to one VoIP telecommunications consultant, quality Hosted VoIP requires G.711, which takes up 90 to 100K in bandwidth per conversation. With VoIP PBX, your company must front all initial costs for phones, a server to host the system, and any cards necessary to bridge your existing phone setup with the VoIP PBX system. Those costs can be considerable, and often result in the thousands of dollars. And with the phone system on-site, you'll need an IT person to manage the

setup and ongoing maintenance. The high cost of these aspects of VoIP PBX might deter a company that doesn't have the funds to make that initial investment. However, because the phone system is on-site, a VoIP PBX system is highly customizable. Adding users and changing numbers can be done quickly and efficiently, without having to go through an outside provider, and at no extra cost. But there is one catch all of your hardware must be moved if your company moves to another location. In a Hosted VoIP setup, moving the phone system is as simple as unplugging the phones and plugging them back in to a new broadband connection. Another consideration is life expectancy of your equipment with VoIP PBX. Look at how long your business will depreciate the capital investment. Then, compare Hosted VoIP vs. VoIP PBX based on that many years. Hosted VoIP may look great for the first few years, but there will be a tipping point when VoIP PBX will ultimately cost less over time

The following is a comparison of the pros and cons of each type of VoIP service . .

	Pros	Cons
Hosted VoIP	<ul style="list-style-type: none"> • Outside management of the phone system, decreasing need for extra resources • Initial costs are low • Few ongoing maintenance fees • Moving the phone system is quick and efficient 	<ul style="list-style-type: none"> • Adding new users or features can incur fees • Customized features might be difficult to implement • No phone service if your VoIP provider goes under
VoIP PBX	<ul style="list-style-type: none"> • Highly customizable • In-house management allows more control over features and uses • Adding new features doesn't require going through an outside company 	<ul style="list-style-type: none"> • Considerable up-front costs, for investing in hardware and setup • Requires a dedicated IT person to manage the system, which can be expensive • Moving the phone system is a formidable task that includes relocating the server

Which Setup is Best for Your Business?

Because an outside provider manages a Hosted VoIP setup, it is usually appealing to small businesses that lack the resources to invest in an elaborate phone system, but want the varied features and simple usability that VoIP can provide. Furthermore, with all services managed by an outside provider, a Hosted VoIP setup enables a small business to rely on a comprehensive phone system without the need to worry about ongoing maintenance. Larger companies with an existing infrastructure and the money to invest will likely find VoIP PBX appealing. A large enterprise more than likely will have an existing staff or the money to hire an IT person to manage the phone system.

Conclusion: Considering The Tradeoffs

As with any decision about technology, there are tradeoffs. We recommend that you carefully consider the pros and cons presented in this report about each path you're considering taking regarding VoIP. If you're not sure what to do after conducting a thorough analysis of your options, you may want to avoid Hosted VoIP altogether since you must have a solid provider to make it work properly.

In that case, selecting VoIP PBX could end up being a decision that will work out better for you since you can maintain more control over the outcome. One of the most beneficial things you can do is to talk to other companies similar in size to yours who use Hosted VoIP and those who use VoIP PBX. Then you'll be prepared to make the smartest decision possible.

Access Point Communication's, is an Authorized Agent for the Leading Hosted PBX and VoIP services providers, we can help guide you through choosing the best solution and provider to fit your businesses specific needs, budget and requirement's.