

Hosted VS. Managed Vs. Premise-Based Phone System:

Which is best for my business?



With the overload of information and options out there, figuring out what kind of phone system is right for your business can be difficult and even frustrating. And of course, you can't count on providers that only offer one type of solution to deliver objective advice, either.

That's why we've put together a plain-English comparison of the three models of phone systems: Hosted, Premise-Based and Managed.

HOSTED PBX (HOSTED VOIP) SYSTEMS

Overview: Hosted PBX, or Hosted VoIP (Voice over IP), represents the latest wave in phone system technology. With Hosted PBX, the phone system server resides in the provider's data center instead of your office. Voice and data traffic is routed over the public switched telephone network, or PSTN, to the hosted system. Since the system itself is offsite, Hosted PBXs offer Web-based access to configure the system, define how you want calls to flow, view call detail records and billing information, listen to and delete voice mail, and more.

Operational/Pricing Model: There are two predominant ways Hosted PBX providers structure their pricing. For simplicity's sake, we'll call them "Service-Only" and "Bundled."

In the Service Only model, companies pay a monthly fee to use and access the Hosted PBX in addition to their carrier services costs (local, long distance, Internet, etc.) Companies opting for this model also take on all hardware costs such as Power over Ethernet (PoE) switches and VoIP phones - In other words, the equipment you need at your location. Most providers sell phones and equipment that are certified to work with their system but also allow customers to buy their own equipment elsewhere, albeit with no guarantees of compatibility with their system. This model is typically a good fit for smaller companies on a tight budget, who don't have in-house staff for ongoing system management.

In the Bundled model, companies pay a "per extension, per month" charge that includes the cost of a phone (usually a "standard" model with basic functionality), a fee for using the Hosted PBX, and sometimes a bundle of included domestic calling minutes. This model is typically good for smaller companies (up to 15 employees) who want an easy way to control costs and the flexibility to add extensions as needed.

Though both of these models can provide smaller companies ways to get robust VoIP functionality on a budget, we've found that they often can become cost prohibitive when scaling to larger numbers of employees. That's why we like the Beringer Hosted PBX Business plan. Beringer's Hosted PBX Business plan allows you to seamlessly scale your phone system as your business grows. Plans include pre-

built blocks of extensions, allowing you to easily add new users on the fly. Plans come in groups of 10, 20, 50 and 100 extensions, but can be customized to the size of your business as well.

Beringer's Hosted PBX plans include an extensive set of rich features, unlimited auto attendant menus, and the ability to customize your shared usage plan across all users in all of your locations. You then simply just choose the usage plan that fits your business best. You can either "pay as you go" or choose a plan that includes unlimited domestic inbound and outbound calling and low International rates.

Pros:

- Cost-effective way for smaller businesses to get rich VoIP functionality
- Minimal IT involvement needed to install solution
- Easy, online access to administer features, manage the system, and add/delete users
- Scales easily in small businesses (Service-Only/Bundled) or larger businesses (Beringer Business Plan)

Other Considerations:

- System improvements and upgrades are performed on the provider's schedule and may not be available when you want or need them
- Upfront costs can be substantial depending on level of VoIP infrastructure needed and phones that need to be purchased
- Many providers are start-ups, so you'll need to decide if you have concerns about whether they'll go out of business or consolidate with another vendor

PREMISE BASED PBX/VOIP SYSTEMS

Overview: Premise-based PBX and VoIP systems are solutions where the equipment - including phone system servers, cabling and routers - are installed and maintained locally at your company's place of business. System providers are typically affiliated with large, national or multinational manufacturers with substantial staff dedicated to product development and engineering. This high level of support helps ensure system hardware and applications are constantly updated to meet the emerging needs of the marketplace.

Premise-Based systems can be digital, VoIP or a hybrid of both. While many companies want to take advantage of the collaboration, productivity, and mobility solutions VoIP offers, hybrid Digital/VoIP systems (such as the Mitel 5000 system popular with thousands of businesses offer a phased migration path to VoIP for companies without the financial or personnel resources to make the transition all at once.

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Operational/Pricing Model: Premise-based systems are purchased up front, and the hardware is owned by the customer. This can be beneficial for companies with fixed IT upgrade budgets and/or sizable dedicated internal IT staff. These systems can either be serviced by the provider via a maintenance contract or internally by the company's IT staff.

Pros:

- Systems and applications can be fully customized to business needs and requirements
- Internal IT teams can make updates and changes to the system on the fly
- Ongoing technology updates available to meet emerging business needs

Other Considerations:

- Substantial upfront capital expenditure required
- Ongoing provider maintenance fees typically increase annually
- Repairs, replacement costs, upgrades, and updates can be hefty expenses if not included in a maintenance contract
- System's business value may never be truly realized because a large number of features are available but never installed, used, or configured properly
- Hardware is a poor capital investment because it loses nearly all of its value before you sell or dispose of it. By investing working capital into depreciating assets, you eliminate the potential for that money to generate positive cash flow back into your business

MANAGED PBX/VOIP SYSTEMS

Overview: With managed phone system programs, providers offer all the equipment, software, and technical expertise needed for a company to reap the benefits of the system's functionality without the costs, risks, and headaches of owning the equipment.

There are many flavors of managed phone system programs, but the best ones include some level of maintenance, remote access services, fixed pricing for commonly added items (i.e. wireless headsets), end-user training, discounts on future relocations and more. This allows companies to select the technology they need when they need it, eliminate financial risk and cost uncertainties, and get technical expertise and support from a team of specialists with extensive expertise deploying and maintaining the technology to a wide range of businesses.

Operational/Pricing Model: With a managed phone system program, companies pay a flat monthly fee for the hardware, support, and services provided in the program. At the end of the program term, customers have several options, including upgrading to a new system or continuing in the program.

At Beringer, a large number of our customers choose to take advantage of MyWay™, our innovative managed services program. MyWay™ helps free up capital and overcome budget limitations by eliminating the hefty down payment, maintenance fees that increase annually and significant replacement costs associated with traditional purchase programs. This empowers our MyWay™ customers to tailor their business communications platform to their exact specifications - Something they often otherwise could not afford to do. MyWay™ has also empowered many of our customers to take advantage of the latest advances in technology without having to invest significant upfront capital.

Pros:

- Get the benefits of premise-based technology without the upfront costs, annually increasing maintenance fees and replacement costs
- Round-the-clock access to support and service by technicians and help desk personnel with extensive experience programming, servicing, and deploying the technology in a wide range of business environments
- Control ongoing costs and reduce financial risk. Programs can include free or discounted software upgrades, technology refresh programs, free or discounted end-user training, site relocation discounts and more
- Enjoy discounted, fixed price upgrade options for commonly added items

Other Considerations:

- Internal IT staff not able to make programming changes on the fly
- Companies with fixed, one time budgets may not be able to take advantage of managed programs
- Best payment terms based on credit worthiness

If you'd like personalized expertise to help determine what option might be best for your business, please contact a Beringer representative using the information at the bottom of this brochure. We're happy to work with you to thoroughly understand your company's needs, business requirements, and budget and determine what type of phone system is best for you.