

Unified Communications: Hosted vs On-Premises UC

How do
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The phone system (or Unified Communications) market has more choices than ever before. In what seems like a never ending marketplace of vendors and features, now it's up to you to determine physically where your new phone system will reside. Do you want your next-generation phone system in your data center, or hosted offsite?

To top it all off, you must decide how to get the most out of your IT budget while maximizing the efficiency of your workforce at the same time. You may be considering a premises-based phone system because it's easy to budget, the complete control factor, or because your company prefers

capital expenditures, for easy month-to-month budgeting. Or you may be considering a hosted or cloud solution because you prefer the flexibility provided by someone else managing and maintaining the infrastructure or because your company prefers operating expenditures.

Are these the only areas of concern that you should be looking at when evaluating on-premises versus hosted solutions? This guide provides a quick overview of the key benefits and potential pitfalls of each solution that you should consider during your purchasing process.

First, let's review some telephony basics.

What is Unified Communications (UC)?

A modern phone system must do more than just make calls. Phone systems with integrated features like instant messaging, voicemail-to-email and dynamic status indicators are called Unified Communications (UC) solutions. UC Solutions allow for more efficient and effective collaboration between employees and clients by taking advantage of multiple technologies being integrated into one cohesive platform. These solutions offer a higher return on investment than their standalone competitors.

You can learn more about UC at digium.com

Did you know?

Grand View Research found that: “even though only 47% of employees interviewed were officially designated mobile workers, about 60% of employees used their mobile device for work.”*





On-premises Solutions

If a technology solution resides in your building or data center, it's considered an on-premises solution, even if you don't manage the technology yourself.

Many current and previous-generation phone systems were solely on-premises solutions. Specialized hardware and software worked to provide telephony features to your organization. This hardware was often bulky, vendor-specific and required specialized training in order to maintain and manage.

For some larger organizations, having multiple sites meant duplicating large-scale hardware and software configurations at each independent location.



Hosted Solutions

Hosted, also called cloud, solutions generally require little to no on-premises hardware to control or manage the phone system and is often maintained by your phone system provider.

An up-and-coming trend in all information technology solutions is the ability to provide services to your employees without housing equipment in your server room. Many services that were previously only available on-premises are now available for remote-hosting as a cloud or hosted solution.

Due in large part to the availability of high-speed Internet connections, full-featured UC solutions are now offered as hosted solutions. With hardware for the solution virtualized or located in a high-end data center, these solutions are often fully maintained by the manufacturer.

Other names for hosted phone systems include:
UCaaS – Unified Communications as a Service, or SaaS
Software as a Service.

Did you know?

Including both on-premises and hosted solutions, Unified Communications subscribers are estimated to grow to 348.5 million users by 2020, according to Transparency Market Research.

While hosted UC solutions are becoming a growing part of the industry, on-premises solutions remain the most popular choice in terms of market share. This is due to the fact that cloud services often times do not directly compete with on-premises solutions but rather complement them. Each solution type, whether on-premises or hosted carry their own set of unique advantages and disadvantages. Performing research on both technologies will help you choose the right solution for your businesses individual needs.

Ten Factors to Consider When Purchasing a Business Phone System

Whether you are inclined to purchase an on-premises or hosted/cloud solution, it is vital to recognize that each solution type offers its own unique challenges and advantages. In order to fully understand the benefits each solution type has to offer you must understand all of the factors involved with each solution type before formalizing your decision.

To help you with this decision, here are

10 factors to consider about when evaluating your next phone system purchase

1 Feature Costs

One of the most obvious factors to consider when comparing solutions is to review the cost associated with each feature.

Many hosted solutions do not offer the same set of features as their on-premises counterparts. And sometimes, even if the feature is available, it may not be included in the base price for the cloud solution.

If critical communications features such as, call queues, IVRs and conferencing are not available or not included, be sure to note it down for when you compare quotes side-by-side.

Looking to make a simpler choice, then find a vendor with a complete solution or one that

has all features included. An all-inclusive pricing model provides for a straight-forward comparison when reviewing multiple quotes.

If a vendor uses add-on prices for anything other than basic calling features, be sure to include the costs of adding these 'extra' features in the comparison.

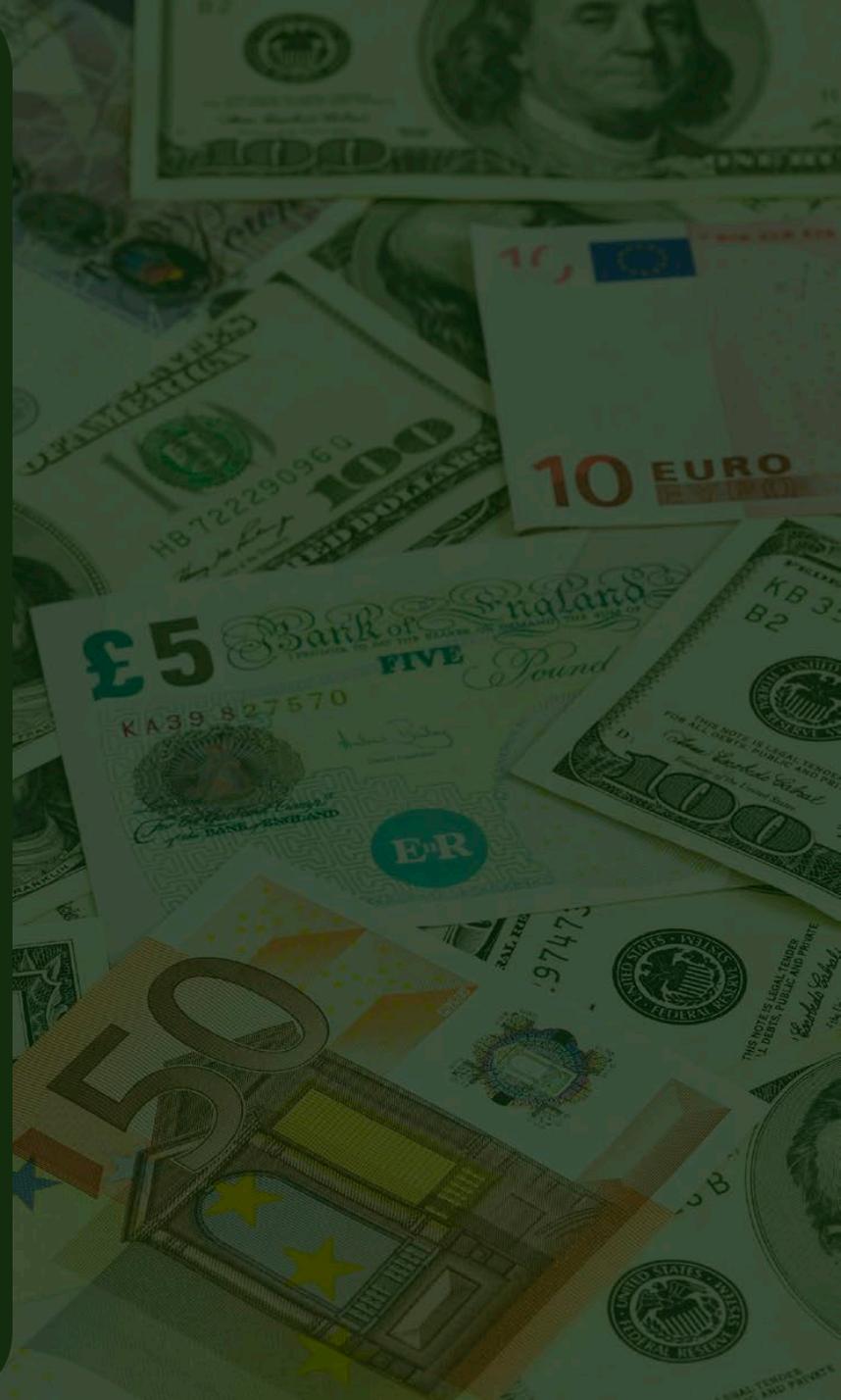
Often times, the initially attractive pricing becomes more costly long-term after adding in the features you'll use.

While many on-premises solutions provide more features in their base pricing than their cloud competition, there are solutions available that include all features in their cloud offering.

2 Upfront vs Recurring Costs

When comparing on-premises vs hosted UC solutions, you should consider both the upfront and recurring costs of the solution. Hosted UC solutions tend to have a lower upfront cost as well as a per-user monthly recurring fee. On-premises solutions tend to have a higher up-front cost, with lower or no recurring monthly fees.

When reaching a certain number of users or sites, it may be more cost effective to purchase your own on-premises solution than to pay a monthly fee. Generally, companies with less than 30 employees find hosted solutions to be the most attractive. However, a larger company, with 50 employees or more may choose a hosted solution in order to meet other business criteria.

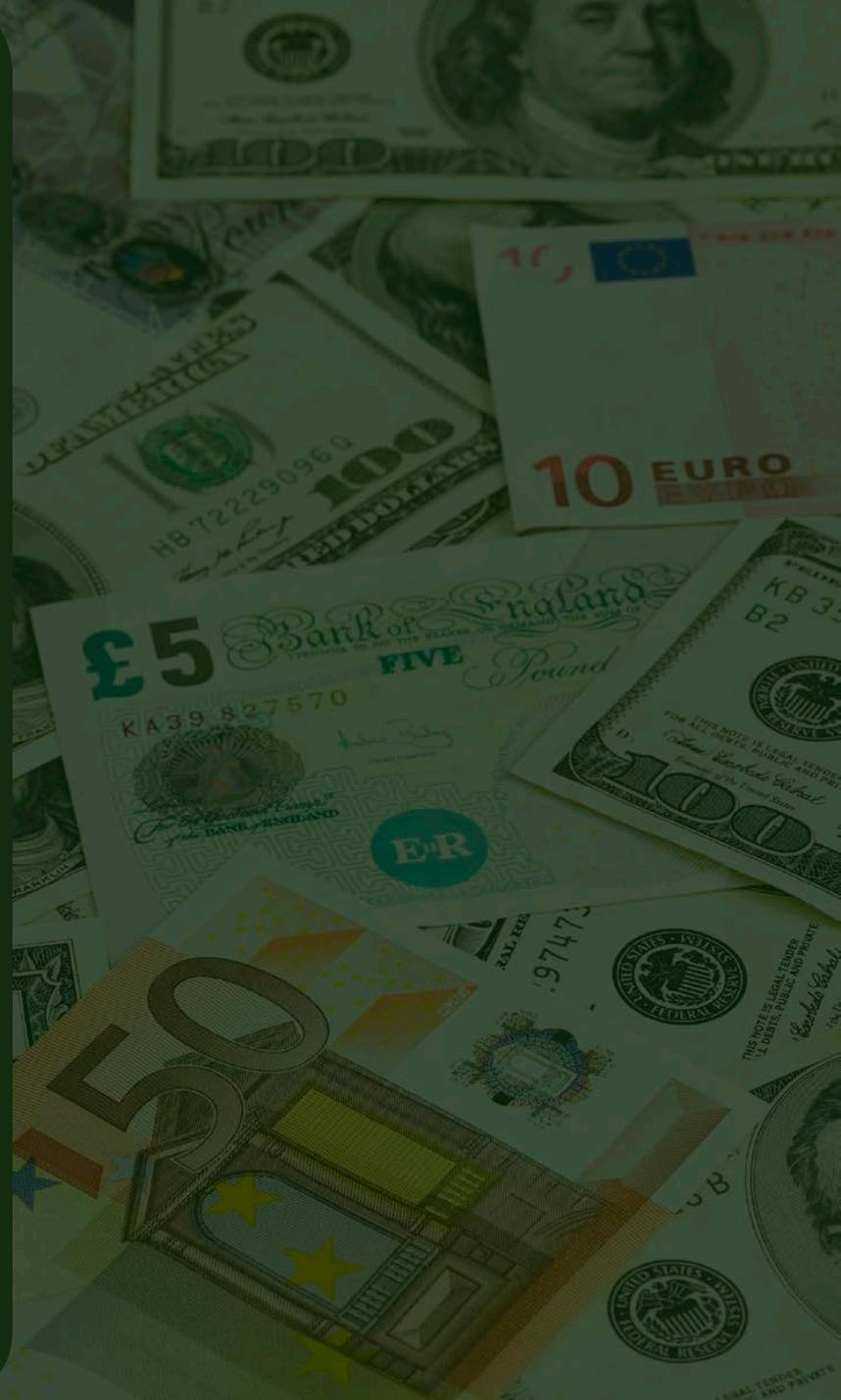


3 Total Cost of Ownership

The UC Solution you choose will include more than the up front and recurring solution costs. Ongoing maintenance and moves, adds, changes will often require dedicated personnel to manage.

In many cases, a hosted UC solution can help lower your total cost of ownership, as the hosting provider will maintain and manage your server, back-end hardware, software and configuration changes.

In other scenarios, on-premises solutions now include easy to understand web interfaces for management, allowing even non-technical staff members to make simple alterations and updates to the UC Solution.



4 Existing Infrastructure

Consider your current technology infrastructure.

When was the last time you looked into Public Switched Telephone Network (PSTN) connectivity options? PSTN connectivity is how your phone system connects to the rest of the world. Older technologies such as TDM lines and some traditional POTS (Plain Old Telephone Service) service offerings can be costly.

By switching to a PRI, SIP Trunk, or hosted provider, you may see additional cost savings. How do you determine whether or not the savings on these services are significant? It's easy. Use an online VOIP ROI (Return On Investment) calculator, such as the one listed at right.

Online VoIP Cost/ROI calculator:

www.digium.com/roi



5 Scalability

It is important to consider how your business is growing. If your business is anticipating rapid growth, it is critical that you consider scalability and upgrade capabilities and costs when evaluating your new UC Solution. If you're planning to purchase an on-premises solution, it is often times more cost-effective to purchase a larger system upfront, rather than to upgrade in the future. Be certain to talk with your UC solution expert regarding your expected growth potential and ask for their advice and for pricing comparisons. Hosted solutions are often considered "scale-as-you-go" services, which means you have the flexibility to add (or reduce) users as needed. However, you should still ask if there are any high-end limitations, caps, or feature reductions at certain end-user sizes.





5 Scalability

Ideally you want a vendor that can offer you flexibility. **If you start with on-premises equipment it should be easy to convert to hosted, or vice versa.** Very few vendors offer this type of feature parity between the hosted and on-site version of their product, so be discerning during your purchase. Ask about scalability options when contacting the sales department for a quote.

6 Flexibility of Deployment (Can you go back?)

Whether you decide to use an on-premises or hosted solution, it is important to ask whether or not the solution is revertible. For example, if you move from their on-premises solution to their hosted solution – would it be possible to migrate back to on-premises if that doesn't work out? While some businesses find the lack of control and management with hosted solutions freeing, some find it too limiting.

Unfortunately, many hosted providers do not offer simple migration paths once your installation is complete. Look for, and ask about, how flexible your potential UC solution is in terms of moving between on-premises and cloud hosted. The best solutions will offer seamless migration paths with a minimum amount of feature loss and downtime.



7

Redundancy

Natural disasters and other unforeseen events can wreak havoc on your business, anytime. In today's fast-paced world, it's not enough just to have a backup plan. You must be prepared with a disaster recovery and contingency plan as well.

For many businesses, a loss of communications could mean a loss of revenue, productivity and even reputation.

Even in a small-business environment, building redundancy into your IT

infrastructure, including your UC solution, is critical.

That's not to say that you have to have an always-on, state-of-the-art, highly-available redundant UC solution ready to kick in the moment a disaster strikes. But what is important here, is to assess what your needs would be during a potential outage, to have a plan to mitigate and resolve the outage, and to ensure the business runs as well as possible from a communications standpoint, during any downtime.

7

Redundancy

To enable redundancy for on-premises equipment, it is often necessary to purchase failover hardware (also known as cold-spare, or hot-spare).

One benefit of a hosted solution is the ability for your communications platform to remain online even if your main facility is inoperable. Cloud solution providers typically maintain geographically dispersed data centers as part of their own high-availability and redundancy plans.

8 Security

Outsourcing any portion of your infrastructure can bring with it serious security implications.

If you select a reputable hosting provider they will provide the resources you require to keep all of your data secure. IT security is often one of the most difficult challenges facing organizations today. Remaining vigilant against the changing threat landscape requires specialization and frequent supervision. As such, a hosted UC solution provider may be the best option, as their IT Security staff provide a dedicated group of employees, whose primary responsibility is data security and keeping client's data safe.

If your business, on the other hand, must comply with specific security regulations, a hosted solution may not be able to meet all of the criteria to stay within compliance. One such example may be if your regulations states that all data must be stored on-site.





Public vs Private Cloud

The terms “public” and “private” cloud can be confusing to define and you may hear conflicting definitions from various sources.

Most commonly a **public cloud** refers to a hosted solution in which multiple customers are hosted on the same set of resources. In contrast, each customer in a **private cloud** receives a dedicated instance with a set of resources.

Private clouds are more secure because they mitigate against the threat of another tenant. There are additional performance benefits to a private cloud to consider. For example, in a private cloud infrastructure the Quality of Service (QoS) can be controlled.

9 The Cool Factor

Cloud-based solutions as a whole seem to be the new “it” technology that everyone is talking about at the moment.

When it comes to your business phone system, it could be argued that hosted solutions have more appeal because they are popular and in the news. And it is possible that telling your associates, “Yes, we just switched to a Cloud UC solution” could help to add a certain type of credibility to your company.

From a strategic marketing perspective using the newest technologies could help a company appear more forward-thinking and relevant – like the technologies they employ. However it is a far more sound business strategy to make your IT-related decisions based on a cost benefit analysis that takes into account all factors – and keeps the “cool factor” in check.



10 Getting Help

Once you have narrowed down your choices of UC Solutions products and vendors it is time to let the experts guide you further. A qualified UC Solutions expert will be able to provide a complete assessment of your environment to ensure the solution and quote are complete and as accurate as possible. The experts should also be able to warn you of any potential problem areas or issues that may arise during your migration process. Lastly, a reputable expert will have knowledgeable pre-sales teams to work with you to look for the best value option for your strategic goals.





10 Getting Help

As the name implies, Unified Communications is so much more than just a telephone call. And with unique challenges and requirements for each business, generalized advice really does not offer much value. A qualified VoIP specialist should be able to pose the difficult questions in order to find the solutions that best match your unique situation. The questions may be as simple as “Is your network VoIP ready? Is your Internet carrier sufficient for VoIP? Does the solution meet your needs completely or will third-party services be necessary?”

And the most competent IT solutions vendor should be able to help you answer these questions, and resolve any concerns before they become an issue.

Conclusion

Purchasing the right phone system is important for the success of your business. Determining which solution is right must involve multiple factors, including whether you are interested in a capital expenditure or the flexibility of a month to month expense. And that decision starts with understanding the differences between a hosted and premises-based VoIP solution.

Once you are able determine which features are most important to your business as well as evaluate whether an on-premises or cloud solution will best fit your needs, you are well on your way to selecting a phone system that will provide your business with the greatest return on investment.

Sponsor

This guide is sponsored by Digium, producers of the full-featured Switchvox Unified Communication solution.

Switchvox is available for on-site or hosted with full interoperability and a seamless migration path between options. Switchvox UC provides the Switchboard – a web-based custom call control panel as well as compelling mobility integration with Fixed Mobile Convergence and smart phone applications.

To learn more visit digium.com/switchvox

Switchvox[®]. Digium's Powerful UC Solution



In an effort to provide a similar solution accessible to everyone, Digium offers Switchvox – a full Unified Communications solution, built on the power of Asterisk.

Switchvox is a business phone system specifically developed for small- and mid-sized businesses and organizations that want the power of the open source Asterisk solution, but without the need for custom development skills for installation. The advanced features, ease-of-use, and simple out-of-the-box setup make Switchvox an ideal solution for organizations with limited technical staff.

A full-featured UC solution, fueled by the innovation of open source technology and open standards, Switchvox allows users to integrate their phone system with their existing networks and get all of the advanced features they need at a price they can afford. Most importantly, by using Asterisk open source software as the foundation for Switchvox, Digium is able to provide a communications system with superior capabilities for a fraction of the cost of proprietary systems.

Digium's Switchvox solution delivers UC features everywhere you need it: on-site, in the cloud, and with mobile.



Digium®. We're changing the way businesses communicate.

Founded in 1999, Digium is the creator and primary developer of Asterisk, the industry's first open source telephony platform. More than one million customers in 125 countries have deployed Asterisk-based systems. Digium is committed to ending the days of expensive, proprietary telecom. The Switchvox family of Unified Communications solutions is built on Asterisk and is designed to provide enterprise class features at affordable

prices for small and medium businesses. The award-winning line of Switchvox IP PBX phone systems provides more than a phone system – it delivers a Unified Communications platform that integrates multiple features that increase productivity and lower monthly communication costs. It's the affordable solution with a proven return on investment for businesses with 10 to 400 users.

Learn more at digium.com/switchvox

Want more information on Switchvox?

Take a virtual tour of this powerful Unified Communications platform:
www.digium.com/switchvox

Contact us – we're here to help.

Talk with a Switchvox specialist:
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