

Hosted PBX -- What Is It and Do I Want One?

You know how important telecommunication services are to your business. They let you communicate efficiently with colleagues, workers and customers. They also allow you to serve your customers' needs directly by giving them direct access to your goods and services.

Telecom services also provide one of the major components of your public identity. Your phone number or website reminds customers who you are, what you offer and what services you provide. Since these benefits are important to make your business successful, you should always be looking for new telecom services that can increase your efficiency, help your bottom line and improve your identity with the public. One solution that addresses these issues is a hosted PBX.

What is Hosted PBX?

PBX stands for Private Branch exchange. With traditional PBX, an incoming call is routed through switchboard hardware to different extensions throughout the company. This hardware is usually kept somewhere on company premises. With a hosted PBX service, the call will go to the carrier's central office, get processed through the hardware at their site and then will be sent to your phone extensions. So, Hosted PBX is an IP-based PBX (Internet Protocol) service that is hosted by someone else and provides call routing for your company. These systems have been in use for decades.

Today, the technology has improved enough that firms should seriously consider the advantages of using a hosted PBX network before deciding what kind of telecom system they wish to use.

Why You Should Consider a Hosted PBX System

The advantages that a hosted PBX network provides may make a convincing argument for using such a system. Businesses generally save money on their phone and Internet bills by switching to a hosted PBX network because all calls and data are processed at one centralized location, which reduces the need to use a service provider's resources. It also lets firms easily create as many lines of communication as they need because all those lines are also centrally located. In addition, it is easy to handle any number of phone calls and Internet connections at one time.

So with a hosted PBX system, you won't have to invest in a new on-site phone system, which can be costly. However, you may need to purchase new Internet Protocol (IP) phone sets, but the investment is minimal. You'll get all the features of traditional PBX including auto attendant, voice mail, call routing, and unified communications without the huge investment of traditional PBX.

That Sounds Good, But What About...

There are some potential disadvantages that you must consider before deciding on whether or not to use a hosted PBX system. For example, some firms' existing telecommunications infrastructure is too large and/or complicated to convert without an unacceptable level of disruption to their communications.

Reliability is a huge concern with hosted PBX service. If your connection to the Internet fails, for whatever reason, you will lose your phone service. Make sure there is redundancy in place, an alternative network that will take over if one fails. If the telephone system is crucial to your business and even a short disruption of service is unacceptable, you may want to reconsider using an IP voice solution at all.

Another drawback is the potential time and effort to teach your firm's workers how to use the new services. This difficulty may lead to decreased short-term productivity and increased marginal labor costs that may offset any cost savings the service would provide you.

Finally, the short lifespan of the technology needed to implement a hosted PBX network may make it impractical in the long run for some firms to use. Computer technology changes often enough that your firm must weigh the possibility of having to replace the equipment against any benefits you may receive from a hosted PBX service. Your individual situation will determine what's best for your company.

Questions to Ask if You Are Considering a Hosted PBX Network

While considering the advantages and disadvantages of using a hosted PBX system, you should ask several questions before making your final decision. What kinds of businesses benefit from using hosted PBX services? Smaller businesses have certain long-term advantages that may make them better candidates for using hosted PBX services that larger firms may not have. Will my business benefit in the long run by using this service? If so, you then should ask which service provider best fits your needs.

Telecom providers have hosted PBX systems that offer a wide variety of services for your firm to consider. This makes it all the more important for you to shop around carefully before making a final decision. Finally, do you have enough time and resources to use the service in the long run? Because there are many short-term disadvantages in setting up the service, you must be willing to commit to using the service for some time before you will see any savings. Otherwise, it is a waste of your time and resources.

Hosted PBX systems offer many benefits to firms who can best utilize their services. Before deciding if you are one of them, due diligence is needed to weigh the benefits against the potential disadvantages that could make using the service untenable. In the end, this careful analysis can make a huge impact on your firm's bottom line.

About the Author

Nermine Shaker has generated millions of dollars worth of savings for her clients. She is a Partner at [The Sygnal Group of Abilita](http://www.SignalGroup.com), a telecom consulting firm that offers telecom expense management, telecom auditing and VoIP management to businesses of all sizes. Find out how to lower your telecom expenses at <http://www.SignalGroup.com> or visit our blog at <http://www.TelecomExpertise.com>

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