Types of Business Phone Systems
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Whether your company is B2B or B2C, 10 employees or 1,000, Communication is an essential component to your success. Connecting with customers and clients – as well as internally between staff – requires you to have a reliable business phone system. The first step when considering a business phone system is to understand the available options so you can match a solution to your specific business needs.

There are three main types of systems:
Private Branch Exchange (PBX), Internet Protocol Private Branch Exchange (IP-PBX) and Voice over Internet Protocol (VoIP).
PBX System

While there are types of Private Branch Exchange (PBX) systems, including copper wire (landline), hosted and on-premise, overall, the pros and cons of this solution are as follows:

PBX Benefits:

- **Reliability:** Because PBX systems operate through phone lines, your communications are protected from power outages and internet failures.
- **Accessibility:** PBX system equipment is housed onsite, and your IT staff maintain and oversee the system which gives you full control and access to the equipment and software.
- **Sound Quality:** Because calls travel through landlines, sound quality is better.
- **Convenience:** PBX systems have existed for decades, which means many companies already have the necessary equipment. This saves on costs since you don’t have to install new hardware. PBX is the best option for companies that don’t have internet access.

PBX Cons:

- **Availability:** Because digital technology has almost completely replaced analog, PBX isn’t available to companies that don’t already have a system in place.
- **Cost:** PBX systems are more expensive, from the required equipment and cabinets that house it, to IT staff salaries and monthly charges. The cabinets that house PBX systems are expensive, but necessary for operation. Even after paying for the equipment, companies also have to pay IT salaries and monthly charges.
- **Limitations:** PBX systems are limited to the number of phone lines, and additional ones can be expensive. Also, calls are only possible through specific devices within the system, rather than allowing for flexible options.
IP/PBX System

An IP/PBX is a PBX system that switches calls between Voice over Internet Protocol (VoIP or IP) users on local lines, while allowing all users to share a certain number of external phone lines. The typical IP/PBX can also switch calls between a VoIP user and a traditional telephone user, or between two traditional telephone users in the same way that a conventional PBX does.

IP/PBX Benefits:

- **Usability**: IP/PBX systems do not require high technical expertise to use and maintain, so you don’t need a dedicated IT department to use and update the system.
- **Cost**: While PBX systems can have high monthly subscription charges, IP/PBX systems can lower monthly operating costs, even with a high number of users. Plus, support, upgrades and maintenance are usually inexpensive, and you usually aren’t required to sign long-term contracts.
- **Phone Mobility**: Because IP/PBX systems are IP based, users can move phones to different connections without issues.
- **Extensions**: Adding remote or branch extensions is as simple as having an IP phone and internet connect, which lets companies to have phone access from home and other locations.

IP/PBX Cons:

- **Unreliability**: An IP/PBX system is only as reliable as the internet connection it uses. If a company loses power, has equipment malfunctions, or loses their internet connection, the telephone system won’t work.
- **Sound Quality**: For the same reason, if your internet signal and broadband strength is low, calls will have low sound quality.
- **Equipment**: Companies still have to use IP phones to operate this system.
VoIP System

At its most basic, VoIP connects calls via the internet through a browser on your computer. Because it’s a softphone, VoIP eliminates the need for traditional or SIP phones.

VoIP Benefits:

- **Cost**: Because VoIP doesn’t require equipment or maintenance costs, systems are generally less expensive than traditional PBX or landline options. What’s more, your monthly charges are not determined by the number of calls you make (even long-distance and international). Fixed monthly subscription fees allow companies to budget appropriately.

- **Flexibility**: Communication is much simpler with VoIP systems because you can receive calls from any location on any device, including computers when users are unavailable.

- **Features**: Because it is internet-based, VoIP can offer many features that would otherwise require additional (more expensive) hardware. For example: conference calling, caller identification, call waiting, voicemail options, call transfer, call queues, and interactive voice response.

VoIP Cons:

- **Instability**: Like an IP/PBX system, VoIP systems are dependent on the internet. In the case of an internet or power outage, calls won’t go out.

- **Call Quality**: Before choosing this option, make sure you have the necessary bandwidth. Call quality depends on your internet service.
VoIP System Continued

If you select VoIP, you must decide if you want the system hosted at your business or in the cloud.

- With on-premises VoIP systems, you are responsible for purchasing and maintaining the software, which also paying monthly fees. While this can be a more expensive option, some companies prefer it because they want to be responsible for their own service should it go down.
- Cloud-based systems require no maintenance or hardware, as all technical services are handled by the service provider. For this reason, cloud-based VoIP systems are less expensive than those that are premise-based.

For more information on how to choose a phone system that is right for your business, contact Simplified today.

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