



Ok, but Which One is the Best Use of My Money?

This question is where the buying culture of your organization comes into play. The most simplistic way to think of the two options is:

Hosted = Operational Expense and On-premise = Capital Investment

A hosted phone system will have a **lower upfront cost**, typically buying the phones and a PoE switch. For some applications you'll also buy a router. Then you will have the cost of labor for the configuration and an ongoing monthly expense for the user seat, dial-tone, and features. **The thing about a cloud-based phone system monthly expense is that it never ends. You are subscribing to a service.**

An on-premise phone system you will have a **larger upfront cost** (unless it is operational expense by **leasing** or borrowing money) because you are buying the phones, the switch, the server, and the licensing. **Your on-going costs can be mitigated by only paying a monthly fee for the dial tone.**

A good telecom partner should be able to provide you with numbers for both solutions. This will let you see where your monthly expense on a hosted solution will meet the upfront cost of an on-premise system. It's then up to your organization to determine if the ROI is acceptable.

A good telecom partner should also be able to discuss the capabilities of each solution and the positive impacts on the organization. Cloud providers champion "no obsolescence" but do not mention that that premise-based systems have appreciably more capabilities to satisfy specific call flow scenarios.

In talking with customers, the decision is largely based upon how the company views technology purchases and where the money comes from. There are arguments for both premise and cloud, but the key question is "What is the culture of your organization?" **There is no single solution that is right for everyone.** Each customer situation is UNIQUE and all options should be carefully considered before an informed decision is made.