

## Cloud vs. Premise Phone Services: Weighing the Benefits and Risks

When replacing an existing phone system or buying a new one, organizations weigh the benefits and disadvantages of a premise-based system vs. using a cloud-based phone provider. Their inclination is often to choose a premise-based system, in part because they believe that the cloud is more expensive. For the reasons discussed here, that belief may need to be rethought.

In most cases, analyses do not adequately address the risks involved with a premise system. Here are two of the most important risks to consider.

- **Technology Risk** Technology is changing at a rapid rate. Features and functions that were not required even a few years ago are essential today. A premise-based phone system locks the organization into the technology it buys at a given time and upgrading may require a significant investment or even purchasing a new system.
- **Requirements Risk** When organizations prepare an analysis, they make assumptions about the number of users, etc. But in today's turbulent environment, the actual requirements may be quite different from the assumptions. For example, what if the organization assumed that its staff would grow at 15 percent per year, but it actually grew at 100 percent or shrank by 50 percent? With a premises-based solution, the organization bears the risk of either over- or under-building.

### How Cloud Providers Mitigate Risk

- **Business Continuity** Cloud services are inherently more immune to power outages and other disasters because the infrastructure is housed in data centers with redundant power and other systems and not on-premise. Cloud platforms are also often locally and geographically redundant. This means that the lifeline between an organization and its customers and suppliers will stay up.
- **Predictable** Cloud services are priced on a per user/seat basis so the cost of phone services can be built into an OPEX budget.
- **Scalable** Whether due to increases or decreases in an organization's size or a merger or acquisition, cloud services can easily be scaled up or down at any time to meet the needs of the organization.
- **Staff Cost-Saving** Cloud services require a minimum of support from the customer. This means lower IT overheads. It also frees IT staff to work on opportunities that are mission-critical to the organization.
- **Technologically Up to Date** Cloud services must keep their systems up to date if they wish to remain competitive and profitable. Moreover, cloud providers have the economies of scale that enable them to afford features that would be beyond the reach of smaller organizations.

So if your organization is doing an <http://appiaservices.com/services/voice/hosted-pbx/> analysis, be sure to take these risks and benefits into account. You'll find that the cloud is a lot less costly than you may have thought.