

Hosted PBX Cost Savings: Be Prepared To Have The Conversation!

KEY MESSAGE – OVERVIEW

1. We've long been saying that Hosted PBX can save businesses up to 50% on their phone costs, and recently we were asked to prove it.
2. We examined the phone bills of 19 small businesses who were looking to replace their on-premises PBX systems with a hosted service.
3. This study shows that small businesses, on average, can save OVER 50% on their business phone service.

KEY MESSAGES – DEEP DIVE

What did you analyze in this comparison?

- a) We compared features that both Hosted PBX and our competitors provide
- b) We averaged monthly service costs for the following:
 - i. Fee per line
 - ii. Local calling fees per line
 - iii. Long distance fees per line
 - iv. Carrier fees per line (not including local, state and federal charges)
- c) We also averaged the upfront costs of an on-premise PBX phone system, plus the deskphones themselves focusing on systems that support up to 15 lines

What were your overall findings?

***The Bottom Line:** Hosted PBX (based on a starting price of \$29.99) saves small business customers 53% on average compared with the competition.*

Compare Service Costs

	Competitors' average cost	Hosted PBX cost	Savings
Service costs Per month, per line, including fees	\$66.31	\$31.49	50%

Compare Hardware Costs

	Competitors' average cost	Hosted PBX cost	Savings
Hardware costs PBX system and deskphones, 5-10 lines	\$3,500-4,000	\$0	100%

What phone companies did you compare against?

- d) Business phone service providers:
 - i. AT&T
 - ii. CenturyLink
 - iii. COX Communications
 - iv. Time Warner Cable
 - v. Verizon
- e) Business phone systems:
 - i. Alcatel-Lucent
 - ii. AllWorx
 - iii. Panasonic
 - iv. Samsung

Where do the service cost differences come from?

- f) The cost differences between Hosted PBX and traditional phone services lie in the per-line service and carrier fees customers are charged:
 - i. **Per-line service fees.** On average, businesses are paying monthly per-line service fees of \$44.64, compared with the Hosted PBX monthly per-line service fee of \$29.99
 - ii. **Carrier fees.** On average, customers pay monthly carrier fees of \$11.23 per line, compared with low monthly carrier fees of \$1.50 per line
 - iii. **Local and long distance fees.** Like with Hosted PBX, many providers covered in the analysis charge no per-line local or long distance fees –although a few charge as much as \$14.75 for local and \$5.000 for long distance service per line

What other 'hidden costs' should I be aware of?

- g) Number of lines – everything hinges on this
- h) Price per line
- i) Long distance and local charges
- j) Fees for other services – i.e. voicemail and call forwarding
- k) NON tax fees and surcharges
- l) Option – number of toll free minutes and costs

What other 'hidden costs' should I be aware of?

- m) Maintenance contracts

- i. **On-premise:** Yearly cost typically 10% of what you paid for your system up front
 - ii. **Hosted PBX:** There's no maintenance contract. Period.
- n) Move, adds and changes
 - i. **On-premise:** Addt'l costs to send a technician to do this for you
 - ii. **Hosted PBX:** No cost for adding phones. Moving a phone is simple: you literally pick it up and plug it into an Internet connection
- o) Expanding your phone system
 - i. **On-premise:** Usually have to buy additional phones, as well as a line card to accommodate new phones. Typically you have to buy this hardware and service for four lines at a time.
 - ii. **Hosted PBX:** Add on phone, one line at a time – at no additional cost
- p) The cost of downtime
 - i. **On-premise:** If the power goes out at your office, you'll lose your phones
 - ii. **Hosted PBX:** Hosted PBX guarantees less than 26 seconds of downtime a month for the service