

Cost of Moving Your Business Communication to the Cloud



Whitepaper











The world has gradually moved to emails and other forms of electronic communication, however, one old player still holds a firm position in business communication cycle - telephony. What started as a mere medium of connecting people has slowly evolved into a widely used technology of our time. Technology is growing with every passing day, and so is the need for much more personalised customer experience. The advent of smartphones and tablets have given today's customer the power to stay more connected with the business.

With more and more stress on being connected at all times, businesses have gradually leapt from their traditional office phone system to a more advanced telephonic solution - cloud telephony. However, various factors are influencing this technological revolution. Cloud telephony ensures businesses have scalable and reliable access to unified business communication without any burden of setting up infrastructure or additional CAPEX. Even though the traditional PBX phone system fulfils the primary goal of connecting the business owners and agents with their customers, it lacks advanced features that a growing business demands.

Many businesses are becoming aware of the increasing need for cloud telephony but are reluctant to upgrade either due to the primary assumption that the solution might burn the company budget or due to lack of information. As a result, the businesses still running on traditional PBX system are missing out on telephony features that could boost the productivity and stimulate personalised customer experience pivotal for business growth.

The benefits of cloud telephony over a traditional PBX system

More than lack of information, it is the fear of change that forces companies to continue with their ongoing process. In a virtualized environment, all the existing telephony hardware such as cables, switchboards, desk phones are replaced by a software, maintained and operated virtually by a third party - hence the term 'cloud telephony.' By incorporating cloud telephony, all your business calls are digitally transmitted, routed and terminated via the internet.

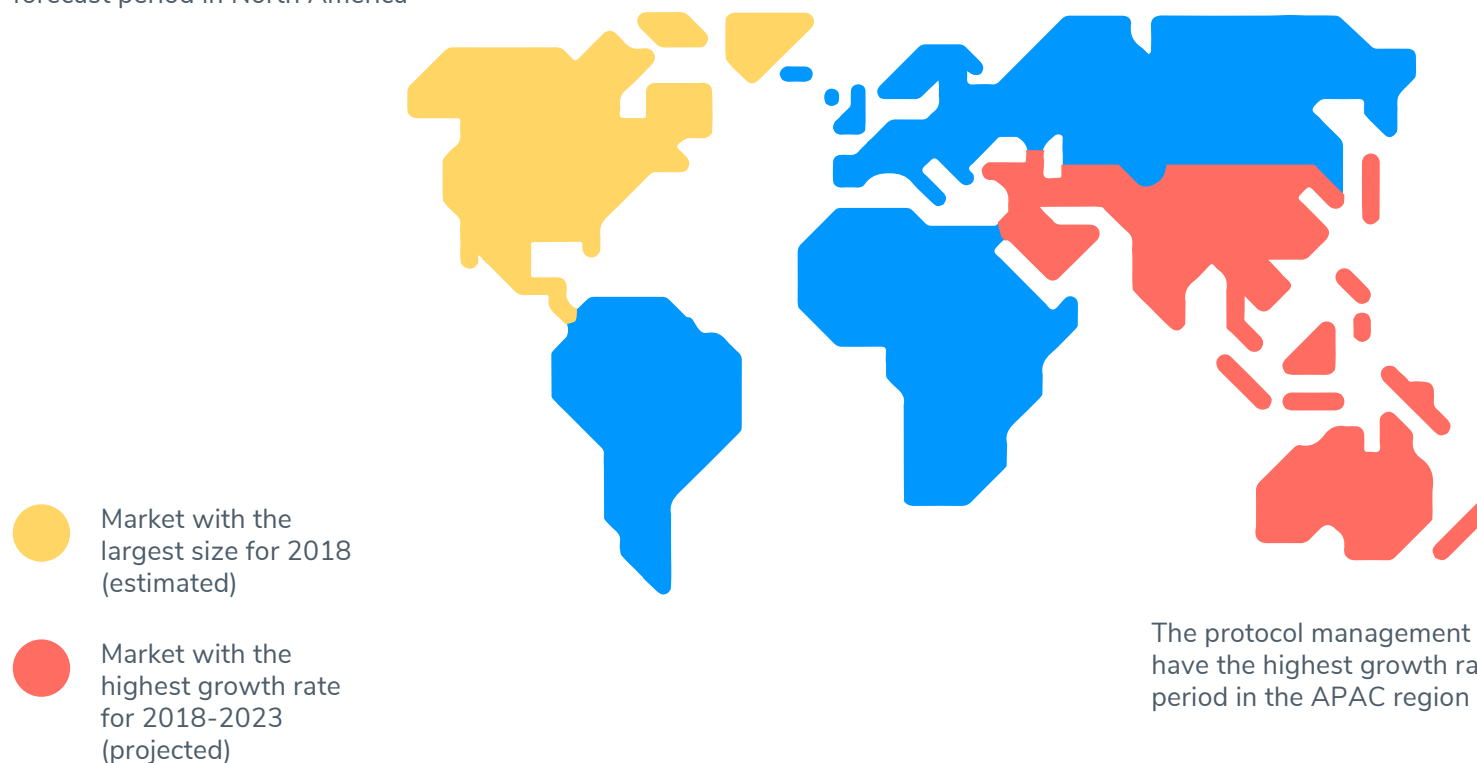
Cloud Telephony vs EPABX	 No installation cost	 Quick setup	 Real-time updates	 Keeps you mobile	 In-depth reporting
	 High installation cost	 Slow setup	 Makes you dependant	 Chained to the desk	 No insights

As compared to a traditional PBX system, cloud-based voice system allows businesses to take advantage of IP telephony with minimal capital expenditure for deployment and implementation. Typically, you pay for what you choose, which means no costly PBX maintenance or upgrades. Migrating to a cloud-based voice system might appear as a complicated process, but in reality is a simpler transformation which takes lesser time and is cost effective. While with a traditional phone system, you spend immense manpower and time to ensure your business meets efficient uptime and depreciation, cloud telephony delivers the same connectivity saving your time and resources on these extra issues.

All you need to get started with cloud telephony is a computer and internet connection. No additional hardware, handsets or license required. A company simply needs to sign up for the service with a trusted cloud telephony operator which typically charges you with a monthly service fee, depending upon the package chosen, the number of activated lines and additional value-added services.

Hosted PBX market, by region, 2018-2023

The virtual development and setup segment is expected to have the largest market size during the forecast period in North America



The protocol management services is expected to have the highest growth rate during the forecast period in the APAC region

When should an organisation consider cloud telephony?

- Maintenance issues due to an existing communication system.
- Extensive time spent on discovering skills and expertise necessary to maintain the ailing communication process.
- Costly repairs and extended downtimes.
- Difficulty in finding a scalable and reliable replacement as needed.
- Tricky and time-consuming process associated with adding employees to the system.
- Increased chances of a system failure caused by an outdated on-premise PBX system.
- Lesser scope to add in-house system modifications owing to changing business needs.
- Communication issues that result from multiple on-premise PBX systems across various office locations.
- Inconsistency in meeting the needs of mobile and remote workers.
- Rising costs of maintaining on-premise telephony systems.

Critical cost-saving factors in moving to the cloud

Cloud telephony has transformed the entire business communication cycle. The primary objective of companies looking for cloud telephony solutions is to reduce the operational cost while improving the productivity and customer experience. A recent Gartner report highlighted that cloud strategy enables companies to run their communication process with higher speed, agility, and innovation.

Let's get to reviewing vital cost drivers in more detail:

1. Upfront capital investment

A traditional PBX system involves an upfront capital expense required for the setup and maintenance of an on-premise communication system. This includes your software license, routers, networking and various other factors involved depending upon your current business communication need. In their early days of transition, few companies prefer SIP trunking; although this may seem like a cost-saving option, it requires additional investment in VOIP gateway, and the costs just don't end here.

- SIP setup fees
- Number porting fees
- Purchasing IP-compatible handsets
- Monthly service fee

On the other hand, with a cloud-based communication solution, there is no additional CAPEX involved but only a one-time cost of implementation.

2. Annual maintenance costs

The cost of upgrading licensed products, hardware maintenance, technical support, and troubleshooting usually ranges from 17-22% of a customer's software license fee. Growing business needs demand additional "customisations" in the existing communication system, and can lead to higher maintenance costs with less or entirely no scope for negotiations as companies generally deploy a third party vendor for these services. It comes as no surprise that for most of these traditional third-party vendors, support and maintenance costs are usually the cash cow with profit margins reaching up to 90%.

As mentioned earlier, for a cloud-based solution, the service and maintenance cost is transparent and is already a part of the monthly service fee. This transparency helps companies pre-plan their communication budget with greater control and clarity.

3. Scalability and adding new communication channels

One of the most significant universal benefits of cloud-based communication solutions is scalability. There is a scope to mend your business communication process as and when your business grows. This is not the case with the existing traditional PBX system. With on-premise solutions, adding or removing new lines implies your existing infrastructure might get affected to support the new growth. The misery doesn't end here if your PBX has been there for a decade or longer, maintenance and repair will be much harder and a challenge to implement.

With cloud telephony, you can do much more - there are an array of additional features that can be instantly added as per the business needs. Conferencing, mobility, interactive voice response (IVR), increasing/reducing the number of agents in seconds are just to name a few.

Factors	Cloud-based Solutions	PBX System
Set-up Costs	Low initial equipment & Set-up Cost	High initial equipment & Set-up Cost
Maintenance Costs	No maintenance cost (maintenance is part of the package availed)	Higher (all equipments is owned by the company)
Upgrades	Can be availed on the existing plan	Needs to be purchased separately
Scalability	Scale with your business	Extra equipment, licenses make scaling difficult

Why consider a hosted cloud-based solution?

1. Thorough availability/ high uptime

While PBX system fulfils the primary goal of communication, the higher stake of failing and maintenance makes it vulnerable, thereby limiting the availability of resources. A hosted cloud-based solution ensures thorough connectivity providing as much as 99.96% uptimes.

2. Reduces costs

A minimum set-up cost is involved with cloud telephony providers. You pay for what you use, depending upon the package availed. While this is not the case with a traditional PBX system, and , in the event of adding more channels the cost increases rigorously. A cloud-based solution provides the business with the flexibility of scaling up or down as required by quickly adding or changing the communication lines. A minimum to nil CAPEX is involved, and the transparency of the costs ensure that you are aware of the expenditure incurred on the communication process as well as the additional features availed in your subscription plan.

3. Flexibility and scalability

One of the biggest reasons for an organisation to shift to a cloud-based solution is the ease to upgrade which is otherwise tricky with a PBX system. Once your business is on a hosted cloud-based solution, you can easily add or remove extensions and features such as automated IVR calling, sticky agents, call queuing etc. with the growing business needs. Even if your business is non-operational at a given time (due to any unforeseen reason), you can easily facilitate home, and remote working for your staff and accommodate mobility.

4. Inherent disaster recovery

Even if you have accommodated the upcoming challenges in your roadmap, you still cannot be sure about any impending disaster lurking behind. Your PBX system does not provide you with a disaster recovery whereas when you use cloud-based telephony, you are part of a system that has disaster recovery and ensures business continuity throughout.

For a company that has offices in more than one location, cloud hosted solution ensures that your phone lines are still ringing even if one of the offices is shut or temporarily out of service due to any unannounced situation. All you need is a running internet connection, and the staff can be deployed to any location to make and receive calls either via their mobile phone app or a desktop app. Cloud telephony gives your employees the power to take their cloud connection and extension numbers with them wherever they are.

5. Predictable pricing - pay for what you use

When it comes to pricing, PBX system does not promise a clarity in pricing and unforeseen hardware repairs, capacity expansion, and any other issue that may require an on-site visit from the support engineer will undoubtedly increase the cost to a much greater extent. However, with a hosted cloud solution, the pricing is upfront. Apart from a minimal set-up fee, the rest of the pricing is transparently dependent on what you use and for the services that you avail. No hidden costs!

Assuming a company handles 100 calls/day ~ 36,500 calls/year , the table below offers a breakup comparison of the charges incurred for a cloud hosted solution and a PBX solution:

Factors	Exotel Basic Plan	On-premise PBX
Initial Setup Costs	0	5,000
PBX Device	0	25,000
Local Server	0	20,000
PRI Rental	0	60,000 (5000 per month)
Dialing Product	0	60,000
Rental Charges	10,000 (5000 for 6 months)	18,000 (1500 per month for office space & maintenance)
Call Charges	32,850* (50% incoming 1 leg @ 0.6 ₹ and 50% outgoing 2 leg @ 1.2 ₹)	32,850 (50% local @ 0.8 ₹ and 50% STD 1 ₹)
Virtual Number Rental	6,200 (17 ₹ per day for 1 VN)	0
Total Annual Charges	49,050	2,15,850

- Prices are mentioned in INR
- In USD, the cloud based solution can cost you upto 60% cheaper than an on-premise solution
- *Local and STD charges are assumed at a flat 0.6 ₹ per minute. Can change based on volumes

Standard features of a cloud-based solution

1. Call reporting and recording

For businesses that have their entire business model built around customer communication, it is quite critical to understand how the conversation is progressing. This is when additional features of a cloud-based telephony system such as call reporting and recording come in handy.

Your staff now have daily call reports which ensures that even if a call is missed, the agent can check the incoming number from the report and continue with the conversion. Call reporting enables easy and quick report generation, adding custom information to data elements, and more.

Cloud telephony enables a business to inculcate the power to retrieve the call at a later date and playback at will. Most of the businesses today, cater to a wider audience and invariably have multiple locations. There are research and development centres, sales office, support office and headquarters. The ability to access recorded information is a big plus. And this where cloud telephony makes a difference!



2. Voicemail

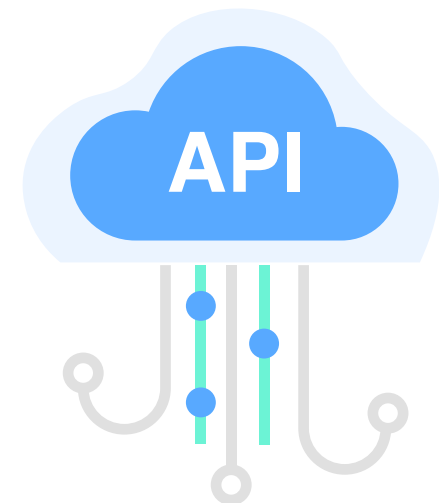
What do you do about your callers during non-operational business hours. A missed call implies just one thing - a lost business opportunity. Cloud hosted solutions provides you with the option of configuring your voicemail to your business number allowing you to stay connected with your customer and also adds a professional touch to your ongoing support services. Voicemail can be connected/delivered to any device the agent chose including to the email system.



3. API integrations

Keeping your customer calls, support tickets, CRM, and the other tools separate creates more problems than it solves. Rummaging through multiple platforms, digging through various tickets to understand a customer issue is not an ideal scenario for any business.

Cloud telephony provides you with a quick and easy functionality of integrating your CRM and creating a single interface to access your customer information. No more fragmented data across platforms. The ability to integrate phone calls with all your other tools is one of the most significant advantages of moving to the cloud.



4. Call queuing

You can route the calls the way you want with a hosted cloud-based solution. Call queuing allows you to receive multiple calls and answer them in the order they are received or priority wise. The calls are distributed to the next available agent once he completes a current call. Call queuing helps in quick ticket resolution as calls are automatically queued to the next available agent.



5. Sticky agent

If your customer support agent has been dealing with a particular customer, next time that customer calls, the call will first be routed to the CS agent who spoke to him last. Only if the agent is unable to attend the call will it be transferred to another person in the group.



6. Remote working

This is fruitful for companies that have on-site teams or several business locations. Your support staff can receive calls wherever they are; this ensures continued customer-business availability. Calls are directly routed to the designated number providing mobility.



7. Cloud-based call analytics

A centralised dashboard ensures that every team member has access to real-time data and analytics. This data includes call reports, call recordings, phone call statistics for specific times of the day or year, and more.



8. Efficient web administration

Even though your cloud telephony is hosted on your service provider's data centre, as a business owner you have more control over the system as compared to a traditional PBX system. In case you need to make any changes, you can easily deploy using your central web interface.



In conclusion

Traditional PBX systems are becoming a white elephant with the emerging technological trends increasing business needs. Less compatibility and maintenance difficulties are the primary reasons for lesser interest in PBX systems. Cloud telephony is a cost-effective approach for streamlining the entire business communications; also, the ease to scale is higher with a hosted system as compared to the traditional communication system.

Features such as IVR, call queuing, voicemail, automated calls/SMS, readily available real-time call reports makes your business more approachable to the customers. With cloud telephony, you always have the freedom to increase or decrease your communication channels, however, with PBX what has been installed is what you get; which removes the scope of developing with the new technological trend.

Cloud telephony services boost customer-client collaboration through continued connectivity, higher uptimes, CRM integration and much more without burning a hole in your company's IT budget.

Sign up for our 14-day free trial
and our ninjas would love to take your through the product.

Let's get started

or

Register for a free demo now!