



Total Cost of Ownership Comparison

Premised Based IP-PBX vs. Hosted VoIP Phone Systems

Note: This is the analysis of an ACTUAL 4-location customer who we installed a traditional premise-based IP-PBX for a few years back. At that time, they realized a savings of approximately \$2,000 per month simply by removing the long distance costs of branch-to-branch dialing and the ability for hop-off calling. It is interesting to see how this comparison shows how much more could be saved today by migrating to a hosted VoIP platform, not to mention the enhanced feature set and centralized administration. While price alone should never be the determining factor for implementing any technology, the savings and lower TCO of this model are certainly significant. Pricing below is generally accepted industry averages and not for any particular manufacturer or hosted VoIP platform.

Traditional PBX or IP-PBX Premised Based Phone System

Capital Costs:	
75 Extensions @ \$1,000/ea <i>(PBX Average is \$800 - \$1,200/seat)</i>	\$75,000
TOTAL UP-FRONT CAPITAL:	\$75,000
Operating Expenses:	
Monthly Depreciation on Phone System <i>(60 Month Amortization)</i>	\$1,250
Finance/Lease/Cost of Capital (System) <i>(Interest = 12% APR)</i>	\$750
Support/Warranty/Software Upgrades <i>(Industry Average is 16% per year)</i>	\$1,000
Moves, Adds & Changes (MAC's) <i>(Professional Services/On-Site Calls)</i>	Varies
Local Phone Lines (POTS, PRI & DID's)	\$1,200
Long Distance Usage	\$400
TOTAL MONTHLY:	\$4,600
TOTAL COST OF OWNERSHIP (TCO): <i>(60 Month Ownership Amortization)</i>	\$276,000
% Difference (Savings):	-

Hosted VoIP Phone System Phones Bundled/Leased in Package

Capital Costs:	
None/Minimal	-0-
TOTAL UP-FRONT CAPITAL:	\$0
Operating Expenses:	
75 Hosted VoIP Extensions x \$45/mo <i>(Average Hosted VoIP Seat Cost)</i>	\$3,375
Finance/Lease/Cost of Capital (Phones) <i>(Equipmnet Bundled in Monthly Cost)</i>	-0-
Support/Warranty/Software Upgrades	Included
Moves, Adds & Changes (MAC's) <i>(Professional Services/On-Site Calls)</i>	Varies
Local Phone Lines (POTS, PRI & DID's)	Included
Long Distance Usage	Included
TOTAL MONTHLY:	\$3,375
TOTAL COST OF OWNERSHIP (TCO): <i>(60 Month Ownership Amortization)</i>	\$202,500
% Difference (Savings):	27%

Hosted VoIP Phone System Phones Purchased by Customer

Capital Costs:	
75 Phones @ \$300/ea <i>(Industry Average for VoIP Phones)</i>	\$22,500
TOTAL UP-FRONT CAPITAL:	\$22,500
Operating Expenses:	
75 Hosted VoIP Extensions x \$30/mo <i>(Average Hosted VoIP Seat Cost)</i>	\$2,250
Finance/Lease/Cost of Capital (Phones) <i>(Interest = 12% APR)</i>	\$225
Support/Warranty/Software Upgrades	Included
Moves, Adds & Changes (MAC's) <i>(Professional Services/On-Site Calls)</i>	Varies
Local Phone Lines (POTS, PRI & DID's)	Included
Long Distance Usage	Included
TOTAL MONTHLY:	\$2,475
TOTAL COST OF OWNERSHIP (TCO): <i>(60 Month Ownership Amortization)</i>	\$171,000
% Difference (Savings):	38%