**What Is PBX?**

A PBX, or private branch exchange, is a type of business phone system. It connects all office desk phones on the same network. It enables your business to make internal calls for free as well as transfer calls freely.

With PBX, a company can have more phones than phone lines. Instead of actual lines, it uses extensions to redirect calls to the business number.

## ****What Is VoIP?****

VoIP, or voice over internet protocol, is a technology for transmitting voice data over the internet.

[**VoIP phones**](https://www.nextiva.com/products/voip-desk-phones.html) record your voice and transform it into data. They compress these files in real-time and turn them into data packets. These packets then travel to your VoIP provider, where they're converted and connected to the target phone.

It might sound like a long and slow process, but the data travels at the speed of light. There is no speed difference between analog calls and VoIP calls.

While the first VoIP company struggled to provide even low-quality calls, today, VoIP providers support [**HD voice calling**](https://www.nextiva.com/features/voip/hd-voice-calls.html) and offer many advanced [**business phone features**](https://www.nextiva.com/blog/office-phone-system-features.html).

It also offers many unique advantages for businesses of all sizes, which we will cover in more detail below.

## ****What Is the Difference Between IP PBX and VoIP?****

Legacy PBX systems used analog switchboards like the public switched telephone network ([**PSTN**](https://www.nextiva.com/blog/what-is-pstn.html)). Today, most PBX systems use digital networking protocols (IP) for internal calls. These newer systems are also called [**IP PBX**](https://www.nextiva.com/blog/what-is-ip-pbx.html).

Some IP PBX installations convert the digital signals on-site and use phone lines connected directly to the PSTN.

VoIP is an approach to transfer calls over the internet. With VoIP, the phone sends digital call data to the VoIP provider. Then, data centers translate the signals to analog and send them to the PSTN.

With VoIP, in most cases, your service provider maintains the hardware. An IP PBX must be serviced on-site by [**IT teams**](https://www.nextiva.com/blog/it-team-structure.html).

### **Advantage**

### **1) Upfront Investment**

Installing on-site PBX is a big project and requires a large upfront investment. Uninterruptible power supply, expensive routers, VoIP gateways, software, and other hardware are required. It typically costs thousands of dollars.

That’s before factoring in the cost of actual phones or headsets.

With VoIP, the main piece of hardware you need to invest in is IP phones. You can even use USB headsets with computers to cut upfront costs further.

### **2) Running Costs**

VoIP providers typically follow a subscription model. With Nextiva, you can pay as little as $20/month per user. Even our more basic plans provide PBX features like call routing and forwarding.

The running costs of on-site PBX depend on your set up. They could include software licenses, maintenance and service fees, update fees, and your phone bill. Business landline costs alone can be up to [**60% more expensive**](https://www.nextiva.com/blog/business-phone-bill.html) than VoIP.

### **3) Call Quality**

Things have changed since the first VoIP company struggled to make IP phones a reality in 1995. VoIP now typically uses the same audio codec as PSTN to deliver HD voice calls. That said, insufficient bandwidth or network configuration errors can impact [**VoIP** **call quality**.](https://www.nextiva.com/blog/voip-call-quality.html)

The voice quality of PBX systems can be equally high. In fact, most modern PBX systems use VoIP technology.

Ultimately, the quality of your hardware (things like [**routers**](https://www.nextiva.com/blog/best-voip-router.html), switches, and your VoIP gateway) determines the quality of your calls.

### **4) Scalability**

A [**call center's technology**](https://www.nextiva.com/blog/call-center-technology.html) can be scaled rapidly with VoIP. Order more VoIP phones, add users to your plan, and that’s it. You may have to upgrade your broadband internet plan or add a network switch.

And multiple branches or offices can use the same VoIP plan.

With PBX, it’s not as simple. You have to add extra phone lines and install new hardware. For new offices, you need to install a completely new PBX system.

What is a disadvantage of using of using VoIP?

The main disadvantage of VoIP compared to traditional lines is that it **is totally dependent on the strength of your broadband connection**. No internet equals no VoIP phone service. It does not end there either. Poor internet connection can also affect call quality and lead to problems like jitter and latency.

**Here are seven reasons why a business should upgrade a VOIP system.**

**Remote Choices**

Are you thinking about expanding the recruiting power with the choice to telecommute? No matter, one has a remote team in place or plan to take benefit of the advantages. These advantages associated with one, communicating are an issue to believe. Traders manage to undertake it confrontational with VOIP services. It allows employees to attach to the office over the Web. PC become phones finish with an extension or individual office number kept back for trades.

**Scalability**

If you plan to develop your business, or if you need to, a conventional phone system will need a costly upgrade. VOIP is scalable, so the business can expand or agreement without having to change the telephone system.

**Connect the Mobile Office**

With VOIP, businesses can keep a mobile line. It is without intruding on secret space or buying a divide mobile device only for trade. In the way, expert and personal phone lines remain to detach.

**Communications Savings**

If a business handles worldwide, conventional phone bills are huge. VOIP is a service that sometimes nets its user’s unbelievable savings. It includes a flat rate for long distance, local, and isolated calls.

**One Company for Many Service**

Sometimes, business owners need individual features for their lines of the phone. Generally, VOIP systems bundle these specify into monthly costs instead of charging on a per-user base. It is an affordable incentive for businesses.

**Wide-ranging Cloud Solutions**

One can discover a provider that will comprise all the software and hardware. It is provisioning and fitting for one low monthly charge. With the system in place, it is easy to track the users to make voicemails, calls, emails, and faxes from one system.