For every business to run effectively, a reliable and seamless communication is vital. With conventional PBX phone systems gradually taking a back seat, virtual phone systems and cloud phone systems are now gaining more popularity. Also known as Voice over Internet Protocol (VoIP) or Internet Calling, cloud-based phone system provides cloud storage across all business aspects.

# What is a Cloud Phone System?

A cloud phone is a phone system for small business that allows you to make calls over the internet instead of traditional telephone lines. These business phone systems are hosted in one or more than one remote secure data center.

A cloud phone can be used with a number of devices such as smartphone apps, conventional phones with adapters, VoIP-enabled phones or a software application. Instead of maintaining the software via a Private Branch Exchange (PBX) on premises, the data and information is stored in cloud. Hence, it allows you to save money on costly updates and maintenance as you can update everything in the cloud.

# How is Cloud-based Phone System Different from Traditional Business Telephone Systems?

Traditional office phone systems work by connecting to public networks. They use PSTN or ISDN. Taking one step further, many modern small businesses use traditional phones with VoIP, by running a phone line through an internet connection.

A cloud-based phone system does not include telephone lines. Instead, the communication is linked through a hosted internet system. Without depending upon a telephone network, any computer device uses cloud calling for communicating. Cloud phone system can also be bundled with other cloud services, and comes across less costly as compared to traditional phone lines.

# How Do Cloud-Based Office Phones Work?

A cloud phone system works by splitting your voice into small packets that are delivered as data to the call recipient over the internet. The call is routed through a cloud-based PBX.

Cloud-based business phones are accessible via a number of methods, hence making them easily available for anyone who has a reliable internet connection. Cloud-based voice calls can be made in the following ways:

* A conventional phone system with a VoIP adapter which is plugged into a telephone outlet or into the router directly.
* A computer which can be used as a softphone. This can be done by using applications of software programs that allow you to make voice calls over the internet e.g. Google Voice, Skype and FaceTime.
* A smartphone with voice calling apps to make calls over the internet.
* A dedicated VoIP phone. They look like conventional analog phones but instead of a telephone line they are directly connected to a computer network.

# Features of Cloud Office Phones

One of the biggest attractions of cloud-based phone systems is the numerous features they offer. Whereas analog phones have limited features, cloud phones add and update more features as they are made available.

Some of the features of cloud office phones that make them stand out from other services are as follows:

* **Consolidated Communication**: It consolidates business telephone systems, instant messaging, voicemail, fax, videoconferencing. Furthermore, it can also be integrated with web applications, email, social media and CRM tools.
* **International Calling**: Since cloud-based phones are based on the internet, the calls can be made anywhere irrespective of locations without incurring long-distance call charges. Most of the cloud packages include international and long-distance calling as free features.
* **Video Conferencing**: With remote work becoming more acceptable, small businesses are now looking for easy and reliable video conferencing solutions. Most of the cloud-based phone services have video conferencing as added features without asking for extra payment.
* **Instant Messaging:** SMS texts are a thing of the past. With cloud services, you can send instant text messages to anyone in the world. The communication is in real-time and can be run through multiple devices such as smartphones and personal computers.
* **Call Forwarding:** With call forwarding small business phone service, you can take a call on one number and redirect it to another number. This feature is very useful for business phone systems, since it allows an employee to forward calls to another person in charge when they are away. Cloud call forwarding works exactly like conventional call forwarding.
* **Artificial Intelligence:** Artificial intelligence has gradually become a part of our lives and cloud phones are one of them. These virtual phone systems also use Artificial Intelligence for providing customer services and performing functions such as sentiment analysis and speech-to-text.
* **Auto-Attendant**: Just like traditional business phone system, cloud phone systems have auto-attendant feature to direct calls to the right department or individual. It reduces communication workload of personnel and also helps in correctly resolving issues while catering to the caller needs.
* **Sharing and Collaboration:** This feature includes file sharing, project submissions, audio/video conferencing and other tools that help employees collaborate with each other even from remote locations.
* **Voicemail to Email:** With this feature, you can send an audio voicemail file to an email address. This lets the recipients access voicemail without having a voice mailbox. Emailed file can be accessed from a wide range of devices and allows the recipient to recheck their voicemail for as long as they want.

# Pros and Cons of Cloud Phone Systems

Cloud-based systems have become more popular with businesses becoming more digitized with internet services. However, it’s important to consider both pros and cons of cloud phones before determining whether they are best suited to your business or not.

## Pros

The biggest benefit of cloud phones is their comparatively lower cost. A call is entirely conducted through the internet; hence, you only pay for the internet you use, and not the extra phone service or call minutes. Conventional phones are expensive and come with extra costs of additional features such as voicemail or call transfer.

They are also very reliable. Hosted in numerous locations, even if one server has any issues, the other server can keep the communications running smoothly. This is known as geographical redundancy. It is very effective if you want to avoid downtime and service issues.

Another big benefit of cloud-based systems is flexibility. Since the world is mostly working on remote operations with employees expected to be available at all times, cloud phones enable you to route calls to VoIP based phone anytime anywhere, as long as you have a reliable internet connection.

If your small business is expected to grow in the near future, investing in a cloud-based phone system can be very cost-efficient. You can easily add more advanced features, phone lines and extensions without getting services from professionals or paying extra for any equipment.

## Cons

There are also some drawbacks that should be carefully considered. For instance, a cloud-based system relies completely on the internet. If you have an unreliable internet service that does not provide good speed, cloud phone may not be the best choice for you. You will need to ensure a consistent, strong connection first.

If you already have a large network of traditional phones, it might cost you more to buy new IP phones or adapters. Instead, try to consider your already-existing equipment and see if you can adapt it to a cloud-based system.

In case of cloud phones, one has to be more careful about security issues like malware and hacking. Though they come with strong security measures, they are still more susceptible to cyber threats. Hence, it’s important that your connection should be protected.

# Why Should You Consider Using a Business Phone System in Cloud?

With all the features it has to offer, let’s have a look at some reasons why you should think of upgrading your business telephone systems to a cloud phone system.

## Minimum Capital Expenditure

A conventional office phone system comes with equipment and expenses such as servers, network upgrades, telephones and implementation cost. If we talk about budget, a cloud-based small business phone service costs much lesser. For most of the cloud phone system installations, the only one-time expenditure is buying IP phones.

## Equipment of Your Choice

With an on-premise system, you are often bound to using specific vendors and their equipment. Whereas for cloud-based phones, you have a choice of standards or commodity-based system, meaning that you can choose the equipment of your choice.

## Better Utilization of Company’s Resources

In most small business phone setups, the current setting involves two separate lines, where one is for voice and the other is for data. By moving your phone system to cloud, you won’t need two lines and can consolidate them into a single network for both purposes. The free lines can be then utilized for increasing bandwidth and backups, or removed.

## Simplified Budget

Conventional office phone systems can sometimes present unanticipated costs. They need to be accommodated according to changes in your organization, utilization, and aging of components. You can never know for sure when you will face any of these unwanted changes. However, you don’t have to worry about such expenses in a cloud system, where you know exactly how much you will be charged every month. Costs are based often on number of users, and include unlimited local and international minutes.

## No Risk of Obsolete Equipment

With a hardware system, you have to make replacements every few years as it ages. However, this process can be costly and difficult. If you worry that your system hardware is about to reach its expiry, think of how it would be if you did not have to deal with this concern. Conversely, in case of a cloud system, the responsibility of updating the infrastructure and software lies on the service provider instead of the business itself.

## Increased Reliability

As a business, you get numerous calls from customers everyday asking all kinds of questions. When this happens, your company’s reliability as a brand depends upon how accessible you are through the phone or other channels. On-premise systems can sometimes turn unreliable in terms of accessibility. Hence, they are called “a single point of failure”. If it stops working, your customers and employees have no other way of communicating. Until the lines are fixed, no calls can go in or come out.

Cloud phone system overlooks this issue as it hosts services in various data centers spread locally and internationally. If one datacenter’s service goes down, your calls can be easily rerouted through other data centers. This goes unnoticed by customers as they don’t experience interruption during calls.

## Accommodates Remote Employees

An on-premise traditional phone system limits your ability to leverage the advantages of a remote workforce. Unless you don’t have advanced setups and costly service upgrades, you cannot connect directly with your remote employees. However, a virtual phone system like cloud eliminates the need for such boundaries. Since the systems are based in cloud, the phone traffic can be routed to any connection with internet connectivity.

## Encourages Employee Mobility

Moving your business phone system to the cloud not only makes it easy for the remote employees but also for regular employees. With a trend known as Bring Your Own Device (BYOD), employees are increasingly using their own devices for business duties. This trend can be leveraged to your advantage with cloud. By using mobile applications in their personal devices, employees can control their permissions, voicemail and features.

## Seamless and Automatic Upgrades

The provider is responsible for providing you with system upgrades, so you don’t need to worry about an interrupting call experience. Get updates automatically and seamlessly and roll them out at a much faster pace.

## Easy Implementation

Deploying cloud business phones is simpler as compared to traditional lines. On-premise installation can take months and have intensive hardware and resource liabilities. Cloud systems require fewer physical devices and can be installed within days. Considering what works best for you, deployment of cloud phones can be done all at once or in incremental steps. After the system is put in place, it’s easy to add new offices and users.

## Instant Upgrades

When a service provider has to update an on-site phone system, they have to test their upgrades at each location for multiple clients. This keeps you waiting for your turn before you can implement the upgrades and access latest features. Cloud solutions don’t make you wait and roll out new updates and features to all clients at the same time.

## Better Security Practices

Though on-premise systems claim that you can control your system’s security, clouds are found to be more secure than traditional IT systems. Cloud phone providers can add more security best practices like security protocols, encryption and active service monitoring.

## Consolidated Communications Services

Many cloud phone system services are offered as a consolidated service including voice, SMS, video, mobility, and sometimes even fax. Not only is it easier to manage, it also reduces your overall costs with one single bill for all communication channels. It also allows more consistent and better communications with coworkers as it allows them to use the channels of their preference.

## Integration with Critical Devices and Applications

By moving your small business phone system to the cloud, you can leverage on better customer services. Cloud solutions provide the functionality of call-centers without the operating demands and expenses of a call center. It helps improve customer interaction and makes it easier to supervise operations. As cloud phone systems are software-based, it’s easier to integrate them with Customer Relationship Management platforms such as Salesforce.

When you get a call from a customer, you can get their account information on your screen. This helps in better customer service towards the caller. You can also collect and enter information during the call from the customer in order to ensure that you cater to the customer’s preferences in a better manner.

## Multi-location Support

With on-premise systems, you have to keep an independent phone system for each location. This is not only expensive but also difficult to integrate by making business functions such as call-transferring and extension calling more complicated. In case of a business phone system in the cloud, you can plug all locations into a single virtual service through the internet. This makes it easier to call on different extensions of diverse geographical locations. Moreover, it gives the impression of “one big system” to the callers while keeping location-specific routing. You can also manage your entire communications centrally, irrespective of their location, through one browser-based portal, irrespective of the location.

## Phone Access at all Times

With a cloud-based phone system, you can have access to all the services even when you are not physically present at the office. On-premise systems require you to be physically present to receive and make calls, or make system changes. In case of cloud phones, you can make any change to your phone system even if you are away through an administration portal. You can make updates any time without needing the help of a third-party provider or any technician.

## Mitigated Risk

Better management and lower installation costs are not only the reasons that make cloud phones a better choice than on-premise systems. Another big factor is the risk involved. On-premise systems put the entire risk on the company itself, from maintenance and updates, time, resources, security handling and making replacements. Hence, many companies now outsource these risks to cloud providers, who are then responsible for handling them.

# Key Takeaways

With fast-paced technological innovations it is imperative for businesses to transform according to the changing times and demands of the customers. Cloud-phones certainly have an edge over traditional systems and help ensure better management, customer services, and employee productivity at workplace.