

DEFINITIVE GUIDE · 2026

Hosted PBX vs On-Premise PBX: Australian Comparison

What a PBX actually does, the real difference between the box in your cupboard and a cloud service, and a rigorous comparison on upfront cost, total cost of ownership, reliability, remote work, security and AI.

A **PBX** (Private Branch Exchange) is the private phone network that routes calls inside your business. The old model is an **on-premise PBX**: a physical box you buy and maintain yourself, paid for as a big upfront capital expense. The modern model is a **hosted PBX** (also called cloud PBX or virtual PBX): the same features delivered as a monthly per-seat subscription, with nothing to install on site. Across a three-to-five-year total cost of ownership, hosted PBX is almost always cheaper, scales in minutes, survives office outages through automatic mobile failover, supports remote teams natively, and is the only model where genuine AI is built in. On-premise still suits a shrinking set of edge cases.

The short version

Cost Factor	On-Premise PBX	Hosted / Cloud PBX	VOCPhone
Cost model	CapEx + maintenance	Monthly OpEx	Simple per-seat OpEx
Ongoing maintenance	Annual contracts	✓ Included	✓ Included
Upgrades & patching	Manual, chargeable	✓ Automatic	✓ Automatic
End-of-life replacement	Full re-purchase (3-5 yr)	✓ None	✓ None
Remote / mobile users	Extra hardware / VPN	✓ Included	✓ Free apps
AI Phone Agents	X Not possible	~ Often add-on	✓ Included
Support	IT contractor callouts	~ Varies	✓ Australian 24/7 human
Predictable monthly cost	X Lumpy	✓ Yes	✓ Yes, price-guaranteed

■ Key points

- What an on-premise PBX costs upfront
- Number porting: keeping what customers already dial
- Retire the Box in the Cupboard

Why OpEx Matters Beyond the Balance Sheet

Shifting from CapEx to OpEx does more than preserve cash. It removes the "sunk cost" trap, the tendency to cling to outdated hardware simply because it cost so much. With a hosted PBX you are never locked into ageing equipment, and you never face a five-figure reinvestment when the box reaches end of life.

■ Questions the full guide answers

- ☐ What exactly is a PBX?
- ☐ What is the difference between a hosted PBX and an on-premise PBX?
- ☐ Is a hosted PBX cheaper than an on-premise PBX?
- ☐ Can I keep my phone numbers when moving to a hosted PBX?
- ☐ Is a cloud PBX more reliable than on-premise hardware?
- ☐ Does a hosted PBX work for remote and hybrid teams?
- ☐ Who should still keep an on-premise PBX?

This is the summary. The guide has the detail.

Every point above is worked through in full on our site, with the Australian context, the numbers and the exceptions. If you would rather talk it through, call 1300 663 222 or visit vocphone.com/about/contact-us.