On-premises vs.
cloud contact centers:
A complete guide

If your business is still using a costly on-premises contact center, it's long past time to make like Marty and jump back to the future, where cloud-based solutions are the gold (and far more cost-effective) standard.

In this guide, we'll go over the differences between on-prem and cloud-based contact centers, how they perform, and the top seven reasons why cloud-based solutions are almost always the better option for every business.

Table of Contents:

What's the difference between an on-premises contact center and a cloud-based one?

There are three major areas that on-premises contact centers and cloud-based contact centers differ: System location, IT support, and mobility.

	On-prem	Cloud
System location	Physically located at a business—typically take up a lot of space	Run entirely on remote servers and infrastructure that are maintained by leading vendors and large cloud IT providers (like Google, Amazon, Microsoft)
IT support	Need professional IT teams to maintain the equipment, keep the network running, and make any changes or improvements to the system	All IT support is the responsibility of the contact center vendor/cloud service provider
Mobility	Can only be accessed on-site or through a VPN from company computers	Can be accessed over the internet from any device

→ **DIALPAD TIP:** Dialpad, a leading cloud-based contact center, takes care of things like reliability, storage, security, updates, bug fixes, new features rollouts, and maintenance. So you can focus on running your business and satisfying your customers. Plus, your teams can access the system from anywhere, on any device.

Why companies switch from on-premises to cloud-based contact centers

Based on our conversations with prospects and customers

On-premises and cloud-based contact centers have a lot in common. But there are crucial differences that make cloud systems the more popular choice for businesses today.

Here are seven common reasons we've noticed for why companies make the switch from on-prem to the cloud.

If any of these resonate with you, it's probably time to consider a switch:

1. Scalability

As your business grows, so should your contact center. With an on-prem setup, that's easier said than done and can cost some serious cabbage. It means acquiring additional hardware that your IT team then has to set up and deploy. If you don't have an IT team, you'll need to hire one. If you ever need to scale down, you'll need an IT team to make those changes as well. Not fun.

With cloud-based contact centers, you don't have to worry about any of that. When you need to scale up or down you just say the word and your cloud service provider takes care of the technical details. You don't need to worry about purchasing equipment or hiring IT teams.

And with Dialpad, you don't even have to worry about downtime— you can scale up or down as needed to match demand, with zero interruption in your service. That means you can add contact center queues and agents in minutes, pay only for the features you need and use, and enjoy continuous improvements with our automatic updates. You can also expand and integrate with other legacy systems using APIs, Webhooks, and native connections.

2. Disaster recovery and business continuity

It's not pleasant to think about it, but disasters happen. Take COVID-19, for example. The impact of the pandemic kept many workers at home when working at the office was no longer an option. Businesses with cloud-based systems were able to adapt to these sudden changes more readily, as they're able to run their contact center and manage their remote and distributed agents from anywhere, on any device.

Another big pro: Security updates and regulatory compliance are ensured by the cloud contact center vendor, so you don't have to.
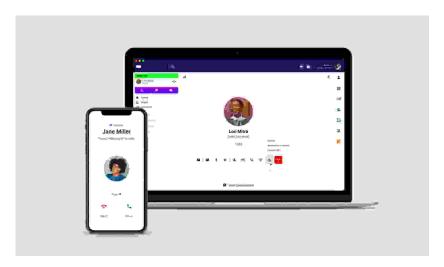
3. Mobility

Today's business communications happen in multiple channels, from email to text to phone—and this is where cloud-based contact centers shine. Rather than being tied to a single device like in an on-prem setup, cloud-based systems automatically sync information across all of your devices. This means you and your team always have a single source of truth at your disposal.

For example, say you had a quick call with a customer through the Dialpad desktop app, then the customer sent you a text on the Dialpad mobile app. Both exchanges will show up in Dialpad automatically. This way you always know where the conversation left off no matter what device you're on, or what devices you were using previously.

This also makes cloud-based contact centers better options for teams that are working in a remote, distributed, or hybrid model. Not only does all data automatically sync across all devices, but employees that are out of the office can also still use their business phone number on their mobile device—so they can truly work from anywhere.

4. AI

Cloud-based systems have a major advantage over on-prem setups when it comes to innovation and using the latest technology, like AI. More than a few cloud-based contact centers are offering artificial intelligence features but most are offered through third-party partnerships with AI companies and come at additional costs.

Dialpad's AI technology—we call it Dialpad Ai—is the only one that has AI built right into the platform itself at no extra cost (and is available for all Dialpad users on all our plans). It's also the most accurate AI out there, with benchmarking tests showing its transcription model surpassing major competitors like Google.

Why would you want AI in your contact center? Simple: Dialpad Ai acts as a superhero sidekick for your contact center employees. Here's just some of what it can do:

- Automatically transcribe voice conversations

- Real-time coaching for agents

- Detect customer sentiment on live calls

- Detect customer intent during self-service interactions

- Pick out keywords and phrases for tracking during a conversation

- Automate forecasting and scheduling in workforce management

- Detect and record action items

- Immediately send out call summaries at the end of each call
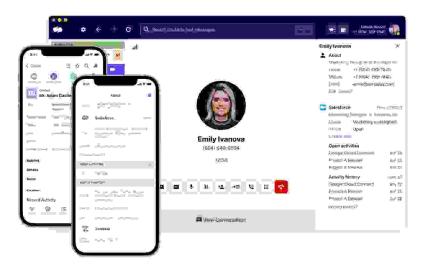
- And so much more—all in real time

5. Integrations

Just like cookies and milk are better together, the services and systems a contact center team uses are better when they work together.

For instance, your team might use Slack and Salesforce. With Dialpad, you can integrate both services so key data and functions are available within Dialpad. For instance, contact details from Salesforce will sync to display within Dialpad apps, and information captured about contacts in Dialpad will sync back into Salesforce. And that's just one example of many integrations available with Dialpad.

6. Time-to-Value (TTV) and maintenance

The biggest difference between on-prem setups and cloud-based ones is how they're set up and maintained. One is complex, costly, and not user-friendly. The other is simple, cost-effective, and incredibly easy for anyone to use.

For on-prem contact centers, you need to devote significant IT resources to get everything working, keep things running smoothly, and make any changes down the line. This is partly because most contact center platforms are built on old architecture, inherently making things more complex. By contrast, at Dialpad, we've built our own software and own every bit of its code, which lets us create a more integrated user experience that's super easy to use—with little to no IT support needed.

With cloud-based systems like Dialpad, you can be up and running in no time. There's no lengthy installation process, so you can be using the application within minutes. You can also do simple things without IT support, like setting up new hires, removing users, changing your voicemail settings, or changing the greeting your customers hear when they call. With an on-prem setup, you'd need an IT team or specialist to do those same things.

7. Total Cost of Ownership (TCO)

When you're weighing the cost differences between an on-prem contact center and a cloud-based one, don't get caught in the trap of thinking only of today's cost. You also need to think long-term.

On-prem contact centers require a lot of hefty upfront expenses to get things set up and functioning correctly. Yet they still hold some appeal because once they're set up, you're not paying a monthly or yearly cloud subscription. Here's the catch: Those one-time setup costs don't cover things like upgrades, maintenance, and repairs—all of which are inevitable.

Cloud-based contact centers, on the other hand, require comparatively little upfront costs, as you're not purchasing pricey equipment or hiring dedicated IT teams to set everything up. This makes them highly affordable for smaller businesses as well. Plus, your subscription covers all of your maintenance, and upgrades are rolled out automatically at no extra cost. Not to mention the time and money you'll save by not having to call in an IT person (or the vendor's consultant) to do little things like add a user or change your voicemail settings. So you get the cost benefit both upfront and in the long run.

Ready to make the switch?

Many businesses today are still using on-premises contact centers, but that picture is changing quickly. With so many advantages offered by cloud-based systems, it's growing harder and harder to stick with aging tech stashed in the company basement.

A cloud-based contact center gives you access to the latest technology and hardware, at a fraction of the cost and with ongoing maintenance and upgrades included. You can scale up and down as needed with ease, and your system can integrate easily with any other services your team uses. And that's just the basics.

If you're still not sure whether a cloud-based contact system is right for your business, we'd love to give you a product tour of Dialpad.

[Book a demo!](#)

About Dialpad

Dialpad is the leading Ai-powered Customer Intelligence Platform that's completely changing how the world works together. We've created one, beautiful workspace that seamlessly combines the industry's most advanced Ai Contact Center with all the communications tools your team needs to drive ROI. Founded in 2011, more than 30,000 businesses and millions of people worldwide now rely on Dialpad to accelerate their digital transformation. Unlock productivity, collaboration, and customer satisfaction with real-time Ai insights on Dialpad.

[Take a product tour](#)