

# What is VoIP?

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## Understanding VoIP Business Phone Systems

Voice over IP (VoIP) refers to the technologies and transmission techniques involved in the delivery of voice communications sessions over Internet Protocol (IP) networks, such as the Internet. VoIP service first designed to provide voice communication between computer users in different locations. Although it is still used that way, it has evolved into a telephone network that can [replace a traditional telephone system](#). People using a VoIP service can call any telephone anywhere in the world and can receive calls on telephone sets connected to the Internet or Local Area Network (LAN). VoIP allows both voice and data communications to be run over a single network, which can significantly reduce infrastructure costs.

Because of the features and efficiency that VoIP technology can provide, businesses are migrating from traditional copper-wire telephone systems to VoIP [business phone systems](#). In 2008, 80% of all new PBX lines installed internationally were Voice over IP.

There are a variety of ways that businesses can use Voice over IP technologies to augment or replace traditional phone systems.

- **IP PBX/On Premise VoIP** - An IP PBX business phone system is like a traditional PBX residing in an on-premise location, but with technology that uses IP routing. The voice signal is transmitted from the IP phone to the PBX server over a LAN. Calls go through a traditional telco company or over the Internet.
- **Hosted VoIP** – Hosted-VoIP services rely on a service provider's hosted-PBX equipment to route a company's voice and data traffic. Calls are routed over the PSTN (public switched telephone network) to the hosted-PBX system.
- **Managed VoIP** – ShoreTel Sky provides a [managed VoIP service](#). This means that we offer all the equipment, software, operations facilities and technical expertise needed for you to company to reap the [benefits of an cloud VoIP phone system](#) without the headaches of maintaining and managing it yourself.

## Is Voice Over IP the same as “Cloud?”

Not always. On Premise VoIP solutions typically do not utilize cloud technology as the servers and infrastructure are located at the customers facility. Many, but not all Hosted VoIP services utilize the cloud. ShoreTel Sky's managed [business VoIP service](#) is a cloud-based solution.