

REFERENCE · PBX EXPLAINED · 2026

What Is a PBX? Every Type, Explained

A private branch exchange began as a metal cabinet whose only job was to let ten people share three telephone lines. The cabinet is mostly gone, the job has not changed much, and the word now describes at least five architectures.

PBX means private branch exchange, the thing that lets internal extensions call each other and share a smaller number of external lines. That function still exists in every business phone system; only its location has changed. **Five architectures now share the name.** A *traditional PBX* is analogue or digital hardware on your premises, connected to physical lines. An *IP PBX* is still on your premises but switches calls over your data network, usually with SIP trunks. A *hosted PBX* is that same software running in a provider's data centre, often a dedicated instance for you. A *cloud PBX* is a shared multi-tenant platform built to be operated as a service. *UCaaS* and *CCaaS* include private exchange functions inside a wider platform covering messaging, meetings, queues and reporting.

The short version

Term	What it means	Why it still matters
Extension	An internal number identifying one endpoint, a desk phone, a softphone, a mobile app, or a person across all three.	Frequently the billing unit. Ask whether a person with a desk phone, a laptop app and a mobile app counts as one extension or three.
Trunk	A path to the outside world. Historically a physical line; now almost always a SIP trunk, which is a logical channel over your internet or a provider's network.	Some quotes charge per trunk. Understanding this is how you avoid buying capacity for a peak you do not have.
Concurrent calls	How many conversations can be in progress at once. The modern equivalent of "how many lines do we have".	The number that determines whether callers hear engaged tone at 9am. Usually far lower than headcount, see the sizing note below.
DID / DDI	Direct inward dialling. An external number that rings a specific extension without going through reception.	How each staff member or department gets a public number. Often charged separately per number.
Hunt group / ring group	Several extensions rung together, in sequence or simultaneously.	The simplest form of call distribution, and often sufficient. A queue is the version with waiting, announcements and reporting.
Auto attendant / IVR	The recorded menu that answers and routes.	Still standard, increasingly replaced by an AI answer that skips the menu entirely. Our argument on that is here.
SIP	Session Initiation Protocol, the signalling standard modern systems use to set up and tear down calls.	The reason handsets from different manufacturers work on the same platform. Covered in the SIP trunking guide.

Also worth knowing

Traditional	IP PBX	Hosted	Cloud	
Where it runs	Your comms room	Your comms room	Provider data centre, your instance	Provider platform, shared
Who owns it	You	You	Provider owns hardware, you hold the instance	Provider
Up-front cost	High capital	Moderate capital	Low	Very low, handsets and porting
Ongoing model	Maintenance contract plus line rental	Support plus SIP trunks	Per extension or per instance	Per user or per extension
Who patches it	Your technician	You or your IT provider	Provider, usually	Provider, invisibly
Adding a person	Hardware and a site visit	Licence and configuration	Configuration	Minutes, self-service
If the site loses internet	Calls continue on physical lines	External calls stop; internal may continue	Site is offline; calls divert in the cloud	Site is offline; calls divert in the cloud, apps keep working on mobile data

Sizing concurrent calls, since everyone asks

For a general office where the phone is not the primary job, concurrent call requirements are typically a small fraction of headcount. For a team whose whole job is the phone, a support desk, a booking line, a collections team, plan closer to one path per person actively on calls, plus headroom. **The mistake to avoid is sizing from headcount**, which over-provisions a normal office badly and under-provisions a contact centre badly. Look at your own busiest fifteen minutes, not at a rule of thumb.

Questions the full guide answers

- ☐ What does PBX stand for and what does a PBX do?
- ☐ What is the difference between a PBX, an IP PBX, a hosted PBX and a cloud PBX?
- ☐ Do I still need a PBX if I move to a cloud phone system?
- ☐ How many concurrent calls or lines does my business need?
- ☐ Is an on-premises PBX ever still the right choice in 2026?
- ☐ What happens to my phones if my internet goes down on a cloud PBX?
- ☐ How do I compare phone system quotes that use different pricing units?

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 881 662** or visit **unidenvoice.com/get-started**.