

Cheap chat

The past few months have seen the first rumblings of a technology that may change consumer telephony forever. It won't take the industry by storm just yet, but commentators say voice over internet protocol is the future. Simon Easterman investigates

As its name suggests, VoIP is a way of making voice calls over the internet. It converts spoken conversation to digital form and then splits it into distinct slices, or packets, of information. These are sent through the network to be unpacked and connected at the other end, either by a PC or conventional phone.

Although it takes up less bandwidth than traditional voice information and doesn't need a permanently open channel, the quality of a VoIP signal can still be compromised by high levels of traffic. Perhaps for this reason it has spent the first few years of its use confined to companies with their own private networks.

Private practice

However, the past year has seen it being marketed to private consumers in various countries around the world. In the US, Vonage, Death Star and Time Warner Cable are among the companies offering home VoIP, while in Japan Yahoo Broadband supplies it to three million of its customers.

November saw the UK's first major consumer VoIP offering from BT in the form of BT Voice. David Axam, general manager for access products at BT, characterises BT Voice as, "a way for existing broadband customers to get cheap phone calls through their broadband line".

Customers get a special adapter which allows them to plug their phone into the broadband line. The quality, Axam continues, is somewhere between a mobile phone and PSDN (packet switched data network), depending on the amount of other traffic on your line.

Despite making the usually conservative BT the first major provider to supply VoIP in the UK, the offering is very much a tentative toe-dipping exercise as far as the telco is concerned. For a start it is only a 'second-line' service with no provision for 999 calls, no directory enquiries, operator or premium-rate numbers.

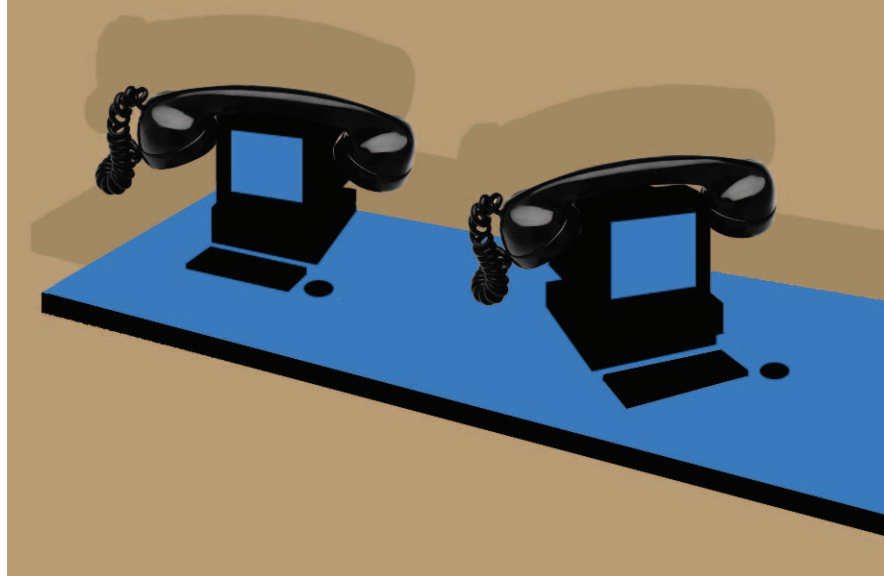
BT Voice is not, nor can it be marketed as, a principle, standalone phoneline. Instead it operates over broadband networks and it is rather craftily priced and designed to exploit the infrastructure and customer base of BT's broadband competitors NTL and Telewest.

Testing the water

Mark Main of telecoms analyst Ovum says the cleverness of BT Voice doesn't end there. Its low-key introduction "allows the provider to test the market for uptake and price sensitivity, along with the capability of the broadband infrastructure."

While Main says that BT's yardstick for market readiness is 7,000 users by April, the provider is playing its cards close to its chest, with Axam claiming, "We haven't been looking at targets." He describes the uptake so far as "very encouraging".

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Whether or not that is the case, Main says that VoIP will be a significant element in telephony and one consumers should welcome. "VoIP has the prospect of reducing telephony charges. In the long run, voice communication will go towards a packet-based technology as the switch-based infrastructure installed in the 1980s becomes defunct and needs replacing. All it requires is the rise of a significant major global player to challenge the existing world market."

There seems to be no company bold enough to forge itself that mantle at the moment and the UK market is restricted to BT's halfway initial offer, the free VoIP 'clubs' on the internet (for example, fwd.pulver.com and www.skype.com) and the few other offerings beginning to merge, such as its inclusion in AOL 9.0, out in March.

AOL's Jonathan Lambeth sums up the industry's mood at the moment, saying "It's important to have it out there, but I don't think it's a 'tomorrow' thing."

But with its cost-saving power, and the possibilities it offers for multimedia communication (it won't take much tweaking to have SIP sending live video, conferencing, chat and file exchange), it probably won't be long after tomorrow that we all start feeling the benefits of VoIP. ☒