Globe Talk: Love it or hate it, VoIP is a must

November 18 2005

Since eBay announced its decision to buy out Luxembourg-based Skype for $2.3 billion two months ago, it has become clear that Voice over Internet Protocol is not only here to stay, but that it has considerable potential to allow businesses to flourish.

Yet while few now would regard VoIP as a passing fad and instead regard it more as a possible replacement for conventional telephone networks, there is already a debate on whether Internet phones would actually be good for businesses or not.

Canadian information-technology firm Info-Tech Research Group, for one, is adamant that broader VoIP use among corporations would be harmful for business growth.

"Companies that are already banning peer-to-peer applications, such as instant messaging, should add Skype to its list of unsanctioned software programs," said analyst Ross Armstrong. The problem, however, is not about being able to get people actually talking through their personal computers. Rather, Armstrong said that the problem was that while Skype's popularity and usefulness continues to increase, it is increasing the vulnerability of computer networks globally precisely because of its wide use across borders.

Having started operations in August 2003, Skype has ballooned into a global network of over 61 million registered subscribers who have downloaded its software so they can communicate via their personal computers for free. Skype said the program has been downloaded over

186 million times in 225 countries and territories over the past two years.

By allowing Internet users to talk to one another for free, Skype has become a formidable force in the development of VoIP. In fact, so strong has the company's presence been in the global telecommunications market that long-established names including Google and Yahoo!, not to mention Microsoft, have all been eager over the past few months to join the VoIP bandwagon.

Nevertheless, InfoTech's Ross argued that getting companies to use VoIP for business purposes could backfire.

"Approximately 17 million registered Skype users are using the service for business purposes. Until an organization specifies instances where Skype use is acceptable and outlines rules for client-side Skype settings, that's 17 million opportunities for a hacker to invade a corporate network," he warned.

Specifically, Ross said that there are five major problems with Skype's network as it exists now, namely that it is not standards-compliant; its encryption is prone to attacks; it is undetectable and untraceable; it blurs the line between personal and business calls; and companies using Skype risk a communication barrier with countries and institutions that have already banned the service.

"The bottom line is that even a mediocre hacker could take advantage of a Skype vulnerability," Armstrong said.

His arguments might well be valid, but at the same time it appears that there is no going back, and not only because Skype and its partners want to further the use of VoIP worldwide.

VoIP use "will be fueled by the business case of cost reduction and an

enhanced efficiency in communications and data networking," said Richard Hurst of South Africa-based IT Web Market Monitor, which expects VoIP revenues to surge to $93.33 million (630 million rand) by 2009 from $4.44 million (30 million rand) in 2005.

It is estimated that about 55 percent of large companies in South Africa have already undertaken a voice optimization study to figure out how best to meet their evolving telecommunications needs in the future, even though smaller companies are taking a more wait-and-see approach to the technology.

Moreover, "as users and corporations become more acquainted with the technology and services, the cost saving driver will not disappear but rather be complimented by other business drivers such as remote networking applications, enhanced features, and wireless access," Hurst said.

The impact of VoIP is being felt in Eastern Europe as well. According to research group IDC, VoIP minute use will quintuple this year from a year ago and more than triple in 2006. Meanwhile, spending will more than double this year and grow by 80 percent in 2006.

"Rapid broadband deployment in 2004 and this year has given VoIP providers access to a massive base of technology-savvy customers," said Emir Halilovic, senior communications analyst at IDC. "Moreover, the presence of these connections has opened doors to alternative operators, creating a more competitive telephony environment and further fueling uptake of VoIP as a service in itself as well as a possible value-add to other Internet services," Halilovic added.

IDC said that Poland was the single biggest VoIP market in the region, followed by Hungary and the Czech Republic.

Citation: Globe Talk: Love it or hate it, VoIP is a must (2005, November 18) retrieved 25 April 2024 from https://phys.org/news/2005-11-globe-voip.html