

Lots of options available to VoIP users

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The Internet phone industry is growing at an exponential rate and today boasts more than 4 million users, more than doubling in the past year. But as the number of users increases, so does the number of providers.

The multitude of providers is an issue of growing importance within the phone industry commonly called Voice over Internet Protocol, or VoIP. The current industry leader is Vonage, a company that has used its catchy jingle and promises of \$24.99 monthly phone bills to capture a market share of well over 1 million consumers, including many small businesses.

Although Vonage is the most visible VoIP service due to its frequent advertisements, the number of carriers continues to grow, which leaves families and businesses with hundreds of different phone-service options. A family of four, a pizzeria and a large telemarketing company all have different telecommunication needs, something that companies like Eric Laughlin's VoIP Review work to address.

"Basically what we do is help people find the right VoIP provider for them," Laughlin, chief executive officer and founder of the company, says. "Any provider can get listed on our site, which users can then review and customers can search through."

Prospective buyers can then compare the Web site's many different plans in order to find the one that suits them best. Many of the customers in the burgeoning market are now small businesses.

A common misconception is that VoIP services were originally available to consumers and have only just begun spreading to the corporate world. This is not the case, Laughlin says, as Internet-phone technology actually got its start in large corporations such as IBM.

"Larger companies adopted (VoIP) before it really hit the consumer market because with the large companies you have faster Internet connections," Laughlin says. "VoIP in DSL and cable modems (connections that most broadband consumers have) aren't as fast or as reliable."

Vital Basics, a health solutions corporation in Portland, Maine, uses a high-speed T1 Internet connection to connect to its Internet-phone technology. The company sells most of its products over the phone, and VoIP allows Vital Basics to keep detailed calling records and gives callers increased voice clarity. But cost, the No. 1 reason most people switch to Internet phones, isn't the company's main motivation for using VoIP.

"Being a call center, we do not actually save money because we pay the costs associated with all incoming calls to the call center," says John Beacham, the manager of information systems for Vital Basics. "But due to the high volume of usage, we are able to negotiate a favorable rate with our carrier."

For companies that don't need 48 toll-free lines like those at Vital Basics, Vonage offers a small-business service for \$49.99 a month, a service that VoIP Review uses in its own offices. Other leading carriers for small business are Verizon and Talkswitch, while companies such as Time Warner Cable are rushing to embrace the exploding market.

The small-business and home services Vonage offers are very similar, with different features but the same technology, Laughlin says. And with

the quick Internet connection his office uses, the quality is flawless.

Some Internet providers have blocked VoIP services that use slower Internet connections, saying the phone services take up too much network bandwidth. But Laughlin says these problems are quickly resolved and are not very common. Laughlin contends that VoIP uses about as much bandwidth as normal Internet browsing and much less than downloading music or videos.

For the especially savvy home and small-business consumer, there is Skype, an Internet-phone program created by the makers of Kazaa. Skype is free when calling other Skype users but incurs charges when used to call land lines or cell phones. The service can be especially useful to families and businesses that must make international calls.

"My daughter is studying her junior year in London this year and our son is in the U.S. Army, stationed in Germany. We have regular conference calls where we talk with them for an hour, the three of us talking through Skype using VoIP," says Olgy Gary, the general manager of Children Come First. "And it costs us nothing because both of them have installed Skype in their computers. The quality of the voice conversation is better than if we were using a land line and definitely better than if using a cell phone."

Children Come First is an educational non-profit corporation in Colorado that uses Vonage for its telecom needs. Its "donation" Web page includes referrals to both Vonage and Skype, a rapidly growing technique often used by non-profits to combat operational costs.

"If (customers) land there coming from the CCF site then each of these companies would give CCF a small referral fee for us listing them on our site," Gary says. "CCF is an educational non-profit, and when companies like Vonage and Skype come along it makes it easier for us to stay in

operation because they bring operational costs way down."

In a recent poll by Qwest Communications, 64 percent of VoIP users said they use the technology in order to save money, a belief that drives an industry filled with promises of low, flat-rate monthly bills. Laughlin predicts the growing consumer market will continue to save money in the future as VoIP technology grows and grows.

"VoIP definitely will be the end of traditional land lines," Laughlin says. "It has a basic fundamental technological advantage over landlines and is more efficient. The current quality concerns will be eliminated, and everything will be VoIP eventually."

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