

AT&T to shut down Internet phone service

April 22 2009, By PETER SVENSSON , AP Technology Writer

(AP) -- AT&T Inc. is shutting down its CallVantage Internet-based phone service, according to letters received by subscribers this week.

The announcement is another nail in the coffin for Internet phone service of the kind that was pioneered in the early years of the decade by companies like Vonage Holdings Corp.

Vonage and CallVantage customers have a small adapter that allows them to place calls by connecting a phone to a [high-speed Internet](#) line. They pay monthly fees of \$20 to \$30 for unlimited domestic calling.

The approach held appeal for those wanting to save money, but problems with sound quality and reliability hampered the technology. Wireless service and cable phone service have instead emerged as the main competitors to traditional landlines.

The shutdown of CallVantage was not unexpected. AT&T stopped signing up new subscribers last summer. In January, Verizon Communications Inc. said it would shut down its corresponding service, VoiceWing, at the end of March.

In the letter dated April 17, AT&T didn't give a specific date for the shutdown, but said subscribers may want to find another service provider.

AT&T spokesman Michael Coe said the service will be retired in phases, with the last accounts disconnected by the end of the year. The company

will send several more reminders before the final shutdown.

CallVantage is being shut down because the company is focusing its efforts on other technologies, Coe said.

AT&T hasn't revealed subscriber figures for CallVantage since the end of 2004, when it had 53,000.

AT&T introduced the service in March 2004, when it was still a long-distance company. CallVantage allowed it to compete in the local-phone business as well. AT&T was later bought by SBC, the local-phone company for much of the Midwest. The combined company assumed the AT&T name.

AT&T has a new Internet-based phone service, which sends voice calls as numerous data packets just like e-mail and Web traffic for reassembly on the recipient's end. But the new service is available only in its local-phone service area and only to households that get its U-Verse Internet and TV service.

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Citation: AT&T to shut down Internet phone service (2009, April 22) retrieved 25 April 2024 from <https://phys.org/news/2009-04-att-internet.html>

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