

Smart phones offer users a way to ditch pricey voice plans

March 17 2010, By Victor Godinez

Your monthly cell phone bill is way too expensive. No, it's not the fees or taxes or even text messages that are leaching your wallet. It's your voice plan.

The feature that made cell phones useful and popular is now an overpriced relic. Fortunately, a growing portfolio of options exists to rid you of that unnecessary burden, although the biggest [wireless carriers](#) are reluctant to talk about them.

The reason traditional voice plans are becoming obsolete is that many phones are now perpetually connected to the Internet over high-speed networks, whether that's Wi-Fi, 3G or (for some) 4G.

That data connection means it's possible on many mobile phones and other handheld devices to make voice calls over the Internet using a technology called [voice over Internet protocol](#), or VoIP.

VoIP is not new. But until recently, it has been mostly limited to desktop and laptop computers connected to the Internet. You'd put on a headset, launch a program and dial numbers on your monitor.

The benefit is that you get to make low-cost or [free calls](#) to users anywhere in the world.

But many people these days are ditching their land lines for the convenience of cell phones, so being able to make cheap calls on a land

line is less of an attraction than it once was.

Many VoIP developers have started offering their programs as mobile apps, and you can download them on almost every smart phone available.

But their utility has been limited because almost every wireless carrier requires you to sign up for a traditional voice plan when you buy a phone.

When you're already paying for the voice plan, using VoIP doesn't save you money unless you make an epic number of calls.

However, if you could ditch the voice plan and just use VoIP, the savings could be huge.

And that's now possible.

There are two current and near-term ways to get a [cell phone](#) without a voice plan but with VoIP.

The existing route is a bit clunky, but it works.

First, you'll need a portable Wi-Fi device that lets you download a VoIP app such as Skype, iCall or any of the dozens of other voice-over-Internet programs.

The most popular such device is the iPod Touch. Download Skype to your iPod Touch, and you can make calls over any Wi-Fi network in range.

However, Wi-Fi is still nowhere near as pervasive as cellular networks.

So you need to connect your iPod Touch to those networks.

The easiest way to do that is with a 3G-to-Wi-Fi converter such as the MiFi. This ingenious device is no bigger than a small pile of credit cards. It sucks in a 3G cell signal and spits it back out as a Wi-Fi signal.

Presto! Your iPod Touch with a VoIP app is now an iPhone without a voice plan.

You have to pay for the MiFi service, but it's less expensive than a typical smart phone plan. For example, Sprint offers a MiFi-like device called the Overdrive 3G/4G Mobile Hotspot for \$59.99 a month.

Not only is that less expensive than the minimum \$69.99 a month AT&T charges for iPhone service, but the Overdrive also can use Sprint's super-fast [4G](#) network in cities where it has been activated, which includes Dallas.

Over the life of a standard two-year iPhone contract, that's an extra \$140 in your pocket (\$240 in savings, minus the \$100 cost of the Overdrive device).

Still, that's a bit cumbersome, requiring two devices that each have to be recharged and toted around to make calls.

But Apple's upcoming iPad tablet computer will simplify that. Some versions of the iPad will include the ability to use the Internet over 3G.

And Apple has confirmed that it will allow 3G VoIP apps on the iPad.

So for the cost of the monthly data plan, you will be able to use an iPad to browse the Web, send e-mail and make phone calls.

If you don't mind schlepping the netbook-size iPad around with you, the machine will be the least expensive smart phone ever. AT&T will sell unlimited 3G data access on the device for \$29.99 a month, with no contract required.

Let's do some math.

If you buy an iPhone 3GS with 16 gigabytes of memory for \$199, and add in the two-year cost of the cheapest voice and data plan (\$69.99 a month), you're looking at an out-of-pocket cost of \$1,878.76, not including taxes and fees.

On the other hand, if you buy a 3G-capable iPad with 16 gigs of memory for \$629 and then buy two years of 3G service from AT&T for \$29.99 a month, your total is \$1,348.76.

By ditching the iPhone and its voice plan for an iPad and VoIP, you're saving \$530.

Granted, unlimited VoIP access to call any land line or cell phone generally isn't free, but you'll still come out way ahead.

For example, Skype calls are free to other Skype users, or you can spend \$2.95 a month for 10,000 minutes to call any number in the U.S. or Canada. Over two years, that's \$70.80.

Subtract that from your \$530 savings, and you're still walking away with an extra \$459.20.

That's \$459.20 you're not paying your carrier.

Those companies are reluctant to talk about doing away with voice plans.

Both AT&T and Verizon Wireless declined to comment when asked whether they might ever sell smart phones without voice plans.

T-Mobile, though, sells Windows Mobile and BlackBerry phones with data-only plans -- T-Mobile Total Internet for \$39.99 per month -- and allows users to make voice calls with VoIP apps on those phones.

T-Mobile doesn't yet offer a data-only phone built on Google's Android operating system, but spokesman Tom Harlin said the carrier might do so.

"It's definitely something we're considering," he said. "I think each (operating system) has its own unique items to work around. It's something we're looking at, but I can't confirm if we definitely will. Technology is evolving all the time, and we want to provide the best experience for customers."

Sprint spokeswoman Jennifer Walsh Kiefer said her company doesn't have plans for VoIP-only phones. But she also didn't shut the door.

"We know that the data services are very popular, and we're looking at ways to make them more robust for all kinds of things, including voice," she said.

Telecom analyst Jeff Kagan said the growth of VoIP on cell phones is almost inevitable because of the benefits it brings consumers.

"The wireless carriers don't like this because they can't charge by the minute for these calls," he said. "However, they can't stop this."

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