



Mobile-VoIP Market Looks Increasingly Promising

Providers will have to emphasize features if and when cellular carriers make their international rates competitive.

by Robert Poe | May 21, 2008

[Mobile VoIP](#) is particularly promising for several reasons. Chief among these is the [cellular carriers'](#) business models, which depend on charging captive-market rates for [international calls](#). It's easier to build a business undercutting those rates than it is with landline calls, where traditional carriers have lowered international rates to competitive levels. But mobile-VoIP services can bring users other benefits besides cost savings on voice calls. Over time, those benefits will prove more important.

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Still, focusing on [cost savings](#) alone will be a viable business strategy for mobile VoIP until cellular carriers give up their exorbitant overseas-calling rates, which can amount to dollars per minute. Given the carriers' historic resistance to change, that will take some time. "At some point in the future, there will be compression of those rates and there will be normalization, just as there is in the fixed-line world," said Bill Tam, CEO of mobile-VoIP provider [EQO Communications Inc.](#) "But for us, we still see that that reality is a couple of years out."

Advanced Features

Once the cellular carriers do start to compete on rates, mobile-VoIP providers will need to move beyond VoIP alone and find other ways to attract and keep customers. That will require offering [capabilities](#) that conventional mobile operators can't or won't provide. They can, for example, offer multiple ways to communicate, not just voice and texting. The most obvious such move is extending services such as free instant messaging to mobile devices. EQO and [Raketu](#) — which already allow their users to exchange IMs with services such as AIM, [Google Talk](#), ICQ, [MSN](#) and [Yahoo!](#) — are good examples of this approach. More advanced features, such as [mobile video messaging](#), will add to the attraction.

Another promising area is [mobile social networking](#), making features such as chat rooms, online profiles and similar functions available from mobile handsets. Services such as EQO, [mig33](#) and Raketu already offer such capabilities. That, in turn, may generate demand for virtual numbers that allow anonymous or controlled-access calling in conjunction with such social networks, where users don't always want to give out their real numbers to people they meet online. Such services will likely be mobile versions of broader services that work with any phone, including landlines and [softphones](#). And eventually, entertainment and information services that let users watch video or TV, or read the news, through their mobile handsets could become common value-added components of mobile-VoIP services.

A more immediate benefit of mobile VoIP is simple convenience, such as the ability to detect when another mobile user is available to talk. Such capabilities are an example of things consumers don't realize they need until they have them, according to Mark Jacobstein, CEO of mobile [Skype Ltd.](#) application provider [iSkoot Inc.](#) When it comes to international calling,

"There's a tremendous amount of waste, because people aren't aware of each other's [presence](#) and availability," he said. "I have never heard a consumer ask for presence, but once they have it, they need it extremely." In addition, Jacobstein noted, it passes the "grandmother test," in that users needn't be tech-oriented to appreciate it. "There's no learning curve," he explained. "They see the icon beside someone's name and say, 'Ah, that means they're available.'"

Mobile-VoIP users and providers alike will benefit most when users can easily pick and choose the benefits they want to take advantage of. For example, Raketu offers features ranging from [cheap calling](#) to social networking to [IPTV](#) to video on demand to various information and search services. "We've developed and designed our service so people can use as much or as little as there is," said CEO Greg Parker. "If they're just looking for cheap calling, they can get at it immediately. But from a social-network perspective, they can also immediately start using groups and things like that."

EQO also caters to users looking for both cheap calling and more social-network-oriented capabilities. "Our play is about bringing not just the cost savings of VoIP, but also all the other attributes such as presence and chat and instant messaging and links to communities and all the things that have always been the promise of VoIP on the desktop side, and have that consumable on enough phones and handset models that it matters," said Tam. "Even as the cost savings start to ebb over time, we see that there are certain enhanced capabilities we can deliver to end users that take advantage of VoIP-like features, like reminders and notifications and things that tie their networks of friends and family in a more enriched way."

Unified Communications

In the longer term, the convenience and capabilities will expand even further. According to [JAJAH Inc.](#) CEO Trevor Healy, his company is experimenting with VoIP-based [unified communications](#). That will mean "If you're sitting at your laptop, you can configure your service so that your mobile phone rings on your laptop," he explained. "Then [the technology] will reach a place where there's universal presence, and we believe there will be an intelligence level so that if you have made the last 10 calls from your iPhone, it will route incoming calls to your iPhone."

One issue that remains unclear is the fate of "pure" mobile VoIP, calls that travel to and from the handset over the cellular-data network rather than over the cellular-voice network. [Fring](#) is a leading proponent of this approach, and Raketu also offers such capability. In the U.S., carrier opposition will remain an obstacle for some time, although Raketu's Parker claims Asian and European carriers are more receptive. "They see it as a way to boost data usage," he explained. Still, it will be far from uniformly available globally.

In the end, the most significant factor will be that there are over 3 billion mobile phones in the world. Mobile VoIP can allow users of those phones to save a few dollars every time they call overseas, to call only when they know the person they're calling is available, and to find new people to talk to through mobile social networks. If even only a fraction of the total take advantage of such benefits, mobile VoIP will thrive for a long time.

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