

A Layman's Look at VoIP - Should You or Shouldn't You?



by Dennis Schooley

“As business people we manufacture shin pads, or we distribute cat food, or we evangelize, but should we be considering VoIP? Will it make us more money, or save us time?”

So what's all this VoIP hype anyway? I mean we all know that our voice can be delivered to the four corners of the globe over telephone lines. (Actually, I missed that part of second grade math where they taught us that a ball has corners, but everybody says it, so I'll accept it). Alex G. Bell, the second most famous resident of Brantford, Ontario, right after Wayne Gretzky of course, led us down the voice transmission path.

We're also fully aware of the Internet. Otherwise where would we get our sports scores, weather reports, horoscopes, and genealogy fixes. So why do we care about the real-time transmission of our voice, in telephone quality, using Internet protocol (VoIP)?

Presumably the whole concept was created to deliver some benefit to us techno-ignorant dwellers of the house of the masses. As business people we manufacture shin pads, or we distribute cat food, or we evangelize, but should we be considering VoIP? Will it make us money, or save us time? Will it make us more efficient as a Manufacturer, Distributor, or Evangelist? If the answer to those questions is no, then we shouldn't even think about it. So let's explore those questions. After all, it's all about results.

Geoffrey Moore introduced the concept that a product must cross the chasm of market

acceptance in the 'Technology Adoption Life Cycle' in his book *Crossing the Chasm*. In his next book, *Inside the Tornado*, Moore talks about the tornado of market acceptance that lies like a siren beyond the chasm. It appears that VoIP is clawing up the far wall of the chasm, but we don't know for sure whether it will find that toe hold to crawl out, and catch the swirling tornado winds of fortune. All indicators are that it's going to happen. Dorothy and the Tin Man are holding their breath.

Perhaps the most significant indicator is that the 'business-prevention specialists', a title I usually reserve for lawyers, but in this case is applied affectionately to the Federal Communications Commission (FCC) and the Canadian Radio-television and Telecommunications Commission (CRTC), have begun the task of investigating what should be regulated in the world of VoIP. The FCC has already delivered a ruling on a VoIP product offered by AT&T. That fact in itself should make us all take notice that there must be something good coming, or they wouldn't be showing up at the dance to make sure the band isn't too loud.

Larry Stocker, of Schooley Mitchell

Telecom Consultants in Kansas City says, “if my clients’ interest in VoIP is any indicator, then I think there will be a big increase in the provision of the service. We have quadrupled our number of assignments in the last six months alone, for clients that wish to select the right VoIP service, at the right price, from the right supplier. That seems to be a good indicator of market acceptance.”

Another good indicator would be the number of suppliers, including the tier-one Telco’s that have entered the fray to provide VoIP in their own particular flavor. That fact should cause us pause. It should cause us to challenge the original premise that ‘talking over the Internet will be free’, and that there will be no long distance cost any more. If that were the case, would all of these big companies - the renowned leaders in the telecom world - be scrambling to get to market to provide the service? Maybe it’s just their way of giving back to society. I’m more inclined to think there are huge profits at stake.

And now you say, ‘but I’ve already got the Internet, why isn’t it free’. Well first of all, you’ll need some kind of device that delivers ‘telephone quality’ over the Internet. Remember, I said ‘real time’. Those \$20 microphones just don’t do it. In addition, have you ever tried to put someone on hold on the Internet, or call forward, or take a voice message – you know, the things that businesses do everyday.

Presumably that’s what all these suppliers are running the relay for – to sell you that ‘stuff’ at the end of the race. Whether they sell it to you outright, or whether you rent it from them for a monthly service fee isn’t the point. The point is that there is a cost to get access, as well as proper business applications. Included in the cost, which will

be recovered through charges to you, are signaling, routing, protocol, and interface technologies. Oops, that’s not layman’s talk.

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In addition to the access ‘stuff’ as a layman would say, there has to be access to the Public Switched Telephone Network (PSTN), or I would never be able to call my mother. VoIP calls have to terminate on everyday telephone sets because I’m pretty sure my mom doesn’t have a VoIP set up at her house. She doesn’t have a bankcard, won’t stay in a hotel that doesn’t have ‘real keys’, and still loves her dial phone (definitely in Moore’s technology buying group called Skeptics or Laggards). There is no way I’ll be talking to her over her Internet connection – she doesn’t have one, and never will. So this VoIP thing will have to access the normal phone system. That’s where the FCC and CRTC step in. Their position is that if the PSTN will be accessed, then access fees will have to be paid by the providers. And up goes the cost.

In his book, *Implementing Voice Over IP*, Bhumip Khasnabish, says “The goals of VoIP implementation are to achieve (a) significant savings in network maintenance and operations costs and (b) rapid rollout of new services.”

O.K., so it’s not free but there should be ‘significant savings’ if that holds true. Assuming those savings will be passed on, it should make me more money through cost reduction. Presumably these ‘new services’ will be designed to save me time, make me more efficient, or provide easier access to my target markets. Just think if one step can be eliminated in delivering those

manufactured shin pads, if distribution channels for cat food are more streamlined, or the Evangelist can find more heathens to convert.

Bill Webster, another Schooley Mitchell consultant in Calgary, Alberta says, “the key is to assess the reliability and quality of service. If the quality is what you need, and by the way, it’s improving every day, then a cost-benefit analysis is required comparing your current access to VoIP. Often times VoIP is the winner. As new services with VoIP become available over time, that win will be even more evident for the regular business person.”

So there you have it. Should you or shouldn’t you, as the title queries? It seems that the answer is akin to; should I or shouldn’t I, when Alexander Graham introduced the telephone concept in the first place. I’m pretty sure that everyone, at least those that are alive today, eventually got one. Bell had to deal with laggards too.

It seems that this is the way the market will develop if the supply and regulatory indicators hold true. VoIP is not out of the chasm yet, but when this many suppliers enter the arena, then functionality is driven up to deliver the ‘better mouse trap’, price is driven down through competitive alternatives, reliability (the bugs are worked out) is driven up by the same forces, and you have emergence.

It seems that if you take Webster’s advice and prepare the proper cost-benefit analysis, you’re likely going to be getting your kite ready for the VoIP tornado.

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