

Skype hype unravels travel's costs

BROADBAND takeup in Australia is growing rapidly, according to the Australian Competition and Consumer Commission (ACCC), and encouraging travel businesses to consider other emerging technologies such as thin-client computing and Voice over IP (VoIP) telephony.

At the end of March, there were 1.84 million broadband services connected across Australia, up from 1.55 million at the end of 2004 and up from 829,300 in the same month last year, according to the ACCC.

Fixed-line ADSL services using the (mainly Telstra's) national copper network accounted for most of the total, with 1.3 million ADSL connections of the 1.84 million total.

For travel companies, the ability to purchase cost-effective ADSL services has significantly enhanced their office operations.

"In the old days, which are really only a few years ago, even if the technology was available, travel agents in Australia were unable to use business broadband, because they were contractually tied to airline-owned GDS systems which relied on the SITA network for communications infrastructure," said travel industry provider MicroThin's sales and marketing director Greg Young.

MicroThin offers a 'hire an IT department' service that manages customers' diverse IT platforms and liaises with their multiple suppliers.

"It's hard to believe, but until a couple of years ago, the majority of travel agents

had only a dial-up Internet connection — if they had one at all.

"Now ADSL is pretty-much the industry standard and we are able to provide significantly better services to our customers as a result."

Now MicroThin is experimenting with VoIP and expects that it will become another tool that its customers will be able to use to control costs. Its preferred technology, Skype, is free to users.

"We're using Skype to communicate with each other and selected customers," Young said.

"We believe it will significantly improve our help desk costs over the long term without any loss of quality for the customer," he said.

"In New Zealand, I'm told there are about 50,000 registered Skype users, including a growing number of businesses. In Scotland, a recently trial among pensioners ended with a strong positive response."

"I knew it was over when I downloaded Skype," said Michael Powell, chairman of the US Federal Communications Commission in a recent report

"When someone's distributing a little program that you can use to talk to anybody else, and the quality is fantastic, and

it's free - the world will change now inevitably."

CEO and co-founder of Skype Niklas Zenstrom says: "The idea of charging for calls belongs in the last century. Skype software gives people new power to affordably stay in touch with their friends and family by taking advantage of their technology and connectivity investments."

In the 18 months following its launch in August 2003, Skype claims more than 40 million users globally, with versions of the software suitable for Windows 2000, XP, Pocket PC, Mac OS X, and Linux.

A business version is scheduled to be launched later this year.

Reach Wireless of Auckland is another supporter. General manager Steve Sims says since adopting Skype in May 2004, he has been saving \$500 a month in international calls. "It's secure for us. It gives us visibility with staff. I can see who is online and talk to them without giving a telco 60 cents a minute. You talk to staff for longer. With a normal call, you are cognisant of the cost. You have longer conversations and thinking time."

Sims says sound quality is fine and is not aware of security or any other problems.

According to MicroThin's Young, the





A recent Skype trial conducted among Scottish pensioners returned excellent results, with more than 50 per cent take-up of the technology.

future of the copper landline is a questionmark.

"In Sydney last year we saw the birth of the Unwired network, which revolution-

ised domestic broadband by removing the requirement for customers to have a landline for Internet access.

"Australia also has the Orange phone network, which gives its customers low-cost home phone bills from the flexibility of a mobile phone, and again, removes the requirement for a landline.

"And I saw a report from the Wireless NZ Summit in Auckland that said people in Asia already can use Skype on a mobile phone, meaning their costs drop to just a few cents a minute.

"You also can use Skype in those parts of Africa where there's no remote area mobile phone coverage, but you can make Internet landline connections. Skype is free however you use it."

One major benefit cited by most supporters is that the PC interface allows users to see when others are online, so that there's less time wasted searching for contacts.

But will Skype and other VoIP providers such as Free World Dialup (FWD) prompt the telecommunications giants to cut their prices?

Not according to Sydney-based telecommunications analyst Paul Budde, who says Skype on its own is not enough to shake-up the incumbents such as Telstra.

"Skype is mainly used by people in the IT sector, people with an affinity for technology, the techno-nerds. It is not main-

stream at all," he said.

"The telcos are becoming involved in VOIP but not much is happening, as internet telephony will cannibalise their existing businesses.

"These businesses have a vested interest in their existing volume market. The push is coming from the broadband people."

Skype also offers extra free features like instant messaging (including group chat for up to 50 people), conference calling for up to five people, and SkypeOut - a service to call landlines and mobiles anywhere in the world for what it describes as "a competitive local price".

In February, Skype and Motorola announced their intention to work together on a co-marketing collaboration to provide greater connectivity options and access for Skype's 25 million registered worldwide users.

The alliance will leverage Motorola's strength in seamless mobility, advanced technologies, mobile devices and accessories and Skype's rapidly-growing global user base and voice and messaging communication tools. The initial focus of the collaboration will be on co-marketing of new optimised Motorola 'Skype Ready' companion products, such as Bluetooth headsets, dongles, and speakerphones, as well as delivery of the Skype Internet telephony experience on select Motorola mobile devices.

We're better and we can prove it — Skype

SKYPE says its Peer to Peer (P2P) technology offers better sound quality and its small processing power requirement makes it better than traditional VoIP.

It says P2P internet telephony is more efficient than traditional telco networks or VoIP providers because it doesn't use central servers to route the calls.

"With P2P internet telephony, the Skype-to-Skype calls are routed between the PCs of people on the Skype network by a system of nodes and supernodes and the power of P2P grows with the number of users. Skype doesn't maintain costly servers, nor do businesses using Skype need to run and maintain expensive serv-

ers to run Skype," a spokesman explained.

Skype claims to be better than rivals because most VoIP applications don't work behind firewalls and NAT (Network Address Translation) devices. Nearly all broadband users are behind a NAT or firewall, so they cannot use VoIP applications.

With its P2P telephony, Skype does work behind any firewall and NAT device, promising a high call completion rate exceeding others, with better sound quality, ease-of-use and 'totally secure communications' using end-to-end encryption.

"Services like Skype help drive the demand for broadband and so offer traditional telcos the opportunity to sell more

broadband," the company says.

"Disruptive technologies such as Skype are good for business, good for the consumer, and ultimately good for the economy. They make business more competitive and efficient."

Skype is of course limited in that users can only be connected when they are logged on to the internet and are members of the Skype community.

It's not all good news, of course. Bypassing firewalls and the Skype policy of sometimes turning the Skype user's computer into a supernode to help other Skype users communicate has led the European Organization for Nuclear Research (CERN), to ban Skype on its networks.