

IT News

Small Businesses have the most to gain from VoIP

by Colin Duffy, CEO of Voipfone

VoIP is the most important development in the telecommunication industry since its beginnings. It is changing not only how telephone calls are made and how much they cost but also who provides them and what they can do. It makes new products and services possible and makes those that were unaffordable to all but the very biggest companies easily accessible to the masses.

Not long ago only governments could sell telephone calls; now anyone with the know-how can. For the first time in the history of telecommunications, people that don't own the wires can provide telephony services over them and, just as the internet democratised information, VoIP is democratising communications.

But it's not just the technology that is different, business models are changing too. It's like Harrods versus Ikea; expensive items for the few or low cost, flat pack functionality to the many. VoIP brings blue chip corporate systems to the plumber's merchant and the estate agent on your High Street – and in your home.

So what is VoIP apart from an ugly acronym standing for Voice over Internet Protocol? Well it's simply a way of making calls over the internet instead of the traditional telephone network.

Unlike the traditional telephone network where a call takes up a whole circuit end to end (think of two tin cans connected by string), a VoIP call is converted to digital information, broken up into tiny packets, sent any number of ways across a spider's web of networks.

Packets arrive higgledy-piggledy at their destination and have to be put back in their correct order - all in a short enough time to make a sensible conversation. Of course, tying up a whole circuit for the duration of a single phone call is less efficient than allowing many call packets from many calls to find their own way down many different circuits - and this then, is the main reason why, over the next 5 years or so, BT is merging the telephone network with the Internet network to build the 21st Century Network (21CN).

So sometime soon, everyone's call will be VoIP at some point in its travels and, in

fact, many of our calls are already, we just don't know it. But for users to get the real benefit of VoIP as well as network owners, they need to use it at their end of the network too.

But before we get into that, I need to squash a myth. People tend to think that VoIP is about cheap calls - and it's true that VoIP calls are cheap - but the real benefit of VoIP is that calls can be totally free.

They're 'free' because you've already paid for them in your monthly broadband subscription (or your VPN if you're a big business user).



When you make a call over the internet your voice is converted to data and sent like any other piece of data down your internet connection; just like web surfing and email; you don't have to pay again to use it. So, if you call another VoIP user anywhere in the world, it's a free call - you only pay if you call an old fashioned telephone network.

But the future of telecommunications is not just about free calls - with VoIP you can do many things that were just impossible before.

For example the one man company operating from a bedroom in Wigan can have a central London, 020 7 number, an

Interactive Voice Response systems ('press 1 for Sales and 2 Accounts and 3 for our Paris division') with a statistical call queuing system with simple call management services all for less cost than the standard rental for a home telephone. He can even divert the call to his mobile when he's taking the kids to school and give his caller music on hold when the doorbell rings.

He can have all the features of a major business switchboard - like call transfer, conference calling, voicemail to email etc - with extensions in different buildings, even different continents. It's strange to

think that, as is the case for one of my customers, a call coming in to a single London number also rings telephones in Malaysia, the Philippines and Australia, simultaneously and that calls between them are totally free and usually of better quality than a normal landline or mobile.

So very small business will benefit the most from VoIP, but why does that matter?

Well rather surprisingly a very great deal. Because as FSB members will know, 95% of all

UK businesses employ less than 5 people and there are almost 4m of them and they generate 50% of our gross domestic product.

That's £500 billion into the UK economy - last year, this year and every year.

VoIP gives more power to their elbow.

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