



Just Say No to 'Free' Phone Service

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By David Coursey

eBay CEO Meg Whitman, apparently still under the influence of whatever caused her to invest \$4 billion in Skype last week, says that within years voice [telephone calls will be "free"](#), subsidized by advertising and transaction fees. Further, there will be so much free service that it might become impossible to sell voice telephony minutes.

Whitman made the comment during a quarterly call with financial analysts, some of whom had questioned the Skype purchase. She said the next winner in the communications services business will be the company that quickly builds the largest ecosystem of customers, developers, and other interest groups. Thus, the Skype purchase, as eBay bids to extend its reach into telecom.

I won't nitpick and wonder who will pay for the underlying broadband service that supports those voice calls. Nor will I wonder what the wireline carriers will change for broadband, should their voice revenue suffer because of "free" VOIP services.

Rather, I will remind people who might be enamored of the idea that "free" phone service is on the horizon of three truths:

1. Nothing is ever free.
2. Somebody always pays, and whoever pays gets to choose.
3. You get what you pay for.

Given that, there are many things I am happy to pay for, even though free versions are available. I am also leery of the effect that advertising or transaction fee subsidies might have on important things—like whether our nation's telephone service will be reliable.

Yes, there are some things simply too important to be "free" and others where I want to be calling the shots, rather than giving control to somebody whose primary motivation is getting me to buy their beer, their new automobile, their take-and-bake pizza, or even their auction items. In this case, I'd rather deal with someone whose motivation is giving me excellent voice telephony, fairly priced.

Broadcast radio and television are good examples of what happens when an advertising-supported service becomes so rancid and overcommercialized that a whole new technology has to be invented to replace it. Thus, the rise of cable television and, more recently, XM and Sirius satellite radio.

With IP telephone systems, network managers need new tools to make sure calls go through—and don't sound like gibberish. [Click here](#) to read more.



It would have been better, I think, to have done a more effective job of regulating commercial broadcasting so that "free" programming might have been of better quality and less commercial-infested. We'd still have pay services, no doubt, but the vast wasteland that is commercial broadcasting might have been at least partially averted.

"Free" services also aren't fair to the people who *don't* use them, since everyone who buys a particular product has no choice but to pay for its advertising as well. So, while I don't watch very much "free" television, every time I buy advertised products I contribute to the ad budgets that support making TV available for free to everyone else.

This really galls me because my product purchases are helping to fund loser organizations like Clear Channel's radio stations. I also don't watch the Super Bowl or the World Cup, but my purchases of beer and soft drinks help pay for those, too.

I am not, however, saying that all free media should go away. That would be really stupid for me to do, given that my salary is paid by the advertisers who support this Web site and our magazines. There should likewise be free radio and TV, though with better regulation on the amount of commercial time sold.

Radio, television, and Web sites are one thing, and telephone service quite another. Will advertising-supported telephony interrupt my calls periodically to play commercials? Will my phone service be disconnected if I don't spend enough on eBay auctions?

I believe that as much as possible, consumers should pay their own way. This means the companies that provide products and services will be beholden to the customer, not to some ad buyer. XM's first responsibility is to make its paying customers happy, not create programming than can be easily sold to advertisers.

That a service as vital as voice telephony could soon be "made possible by our sponsor" is capitalism run amok and endangers the quality and reliability of our voice network. Worse, it may not save us any money if broadband charges rise in response to the death of wired telephony.

My bet is that, "free" telephony or not, what I pay for communications services is likely to remain the same or even increase. Thanks, Meg.

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