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- Local
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- Dow
 - Nasdaq
 - Other indexes

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The Net calls

Voice-over-Internet just about ready for the big time

By Erika Stutzman, Camera Business Writer
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Three years ago, technophiles predicted a revolution: The Internet would replace traditional telephony.

The revolution never happened, for a variety of reasons including the perception of poor quality and the fact that many Americans want to simply wait for the traditional carriers to start offering it.

But there are significant signs that Voice over Internet Protocol (VoIP) is poised for major growth, three years after the revolution-that-wasn't.

Gartner Research reports that VoIP has emerged as a viable alternative to traditional telephony. Global carriers such as AT&T are starting to offer it, which is helping its quality perception, Gartner reports.

Gartner also said that next-generation VoIP carriers, including Broomfield's Level 3 Communications, have been catalysts in bringing down the cost of long-distance, mainly in the international market so far.

"The worlds of the Internet and telephony are converging like never before," said Dave Michels of Boulder. Michels, an adjunct professor of telecommunications at the University of Colorado-Boulder, has a new 10-employee VoIP company in Golden called Innovative Net Results.

"The next big wave (in communications) will be VoIP," he said.

The advantages of VoIP include such high-tech things as phones with Net browsers, but also such standard things as efficient mobile telecommunications, Michels said. Workers don't need to be on site — they don't even need to be in the same city — because their phones are connected to the Internet and not a landline. A Florida branch office can easily have all of its reception work done from a Colorado headquarters, without having customers call in to Colorado, Michels said.

Companies that move their employees around an office, building or between branches, don't need to rework their infrastructure — the employees' numbers can follow them anywhere, he said.

"In an environment where everyone has Caller I.D., a sales person can be working from home, and still have it look like he's calling from work," Michels said.

And, since it's Internet-based, VoIP allows companies to expand without dramatically changing their wiring — they'll just need to buy more VoIP devices.

"You could have a state-of-the-art call center for four people, and grow it 20 times and it wouldn't be as expensive," as with standard telecom, Michels said.

Mike Jude, research director at Enterprise Management Associates in Boulder, said it does appear that VoIP is coming into its own.

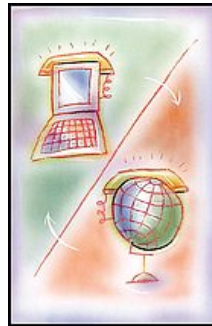
He said Cisco — a major player in VoIP — estimates that Fortune 500 companies have approximately 100 million conventional telephones, and that "a good chunk of those will convert to a VoIP platform."

The early barrier — the perception and sometimes reality that data packet loss led to inferior quality — is starting to dissipate, Jude said.

"One of the barriers was the perception of lousy voice quality," Jude said. "The conventional telephone companies did a good job of pitching that 'You can hear a pin drop' service. In fact, that's not really there anymore. Given the right kind of network, VoIP can be in many respects as good or better than conventional voice."

Jude said that one way to measure how VoIP has grown is by the large number of players entering the space — which could make it tough for little companies like Innovative Net Results.

"There certainly is a lot of competition, and standard equipment makers like Cisco are in there too, which makes it tough," Jude said. "But a lot of



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opportunity is to be had by the companies that make it easy to deploy for the customer. There is a very bright future for it."

Michels said he thinks by offering good service, he'll be able to compete with the big companies.

"I think there's plenty of room, and that's great," he said.

Elizabeth Zeligs, owner of Boulder's BioResponse, a dietary supplement company, said she turned to Innovative Net Results for her company after working with a virtual office that would forward all her company's calls.

"We wanted an internal phone system," she said.

Zeligs said the system is flexible, to accommodate her growing firm, and cost-effective. Plus, people calling her business would have no idea they're phoning over the Internet.

"It's totally seamless — one would never know," she said.

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