This might be the year

By Scott Kirsner  |  March 7, 2005

When technology purveyors say it's the Year of Some Great New Technology, they say it in the same way that ardent sports fans promise this will be the year their team goes all the way: hopefully.

Three years ago, pundits began decreeing it the Year of VoIP (voice over Internet protocol). Again, in 2003 and 2004, the Year of VoIP came round, with experts trumpeting that corporate America was finally embracing Internet telephony.

And just last week, Peter Brockmann, vice president of product marketing at 3Com, the Marlborough networking company, told me that "We call 2005 the "Year of Inflection,"" meaning that the amount of Internet telephony gear shipped will finally surpass the amount of traditional office phone equipment. (3Com, which peddles VoIP products to small and medium businesses, competes against companies like Avaya, Mitel, and Cisco Systems.)

Predict something persistently enough, and eventually you're bound to be right.

This year, it seems, corporate tech executives are finally starting to spend on Internet telephony in a significant way, after having waited for the products to mature and drop in price. And the formation of the VoIP Security Alliance this year, to address concerns that hackers might gain access to conversations or bring down a Net-based phone system, will help to accelerate the technology's adoption.

"I've been watching this technology for five years," says Jo Hoppe, chief information officer at Pegasystems, a Cambridge software company. "But it just wasn't ready." This year, she's finally deploying Cisco-made Internet telephony equipment throughout the entire 500-person company. "We're no longer in the early-adopter phase," Hoppe says -- though her boss did send her a cautionary article about a failed project at Dow Chemical.

Companies are gravitating toward Internet telephony for the same reason consumers do: It can reduce phone bills by routing calls over private data networks or the public Internet, rather than through long-distance companies. At the headquarters of Fairchild Semiconductor in South Portland, Maine, Alan Bakutis estimates that Internet telephony has saved $4,000 to $5,000 a month in long-distance calls to Asia. Bakutis is the chip company's corporate network manager.

Others appreciate the flexibility of Internet telephony. At Wheelock College in Boston, when faculty and staff switch offices, they can easily bring their desk phones with them. And when they plug in at a new location, the network recognizes them. "The phones plug right into the same ethernet ports that a computer would use," says IT director Chip Towle. "We don't have
to run new cables for phone."

Few companies I spoke to were taking advantage of the most whiz-bangy features. Connected to a computer, Internet phones can present voice mail messages in your e-mail in-box, allowing you to listen to messages from any Net-connected computer and then, if necessary, forwarding them along to a colleague for action.

(Brockmann at 3Com did boast that he hasn't listened to a voice mail on his phone since he arrived at the company in June -- but as a VoIP marketeer, he doesn't really count.)

Special "softphone" software enables a VoIP user to turn a laptop into a phone, and to receive and answer calls in a hotel room, for instance.

"Our strategy has been to keep it simple," says Arthur Ouellette, telecommunications administrator at Jordan's Furniture.

At Fairchild, Bakutis says he's "still in the investigation stage" when it comes to VoIP conference calling, which allows users to easily set up large conference calls using their Web browsers. Just click on the names of the invitees.

Fidelity Investments is that rare Boston-area company that's already using Internet telephony widely, for reasons other than to save a buck. And it's taking advantage of some of the more sophisticated features. Mike Brady, senior vice president for telecommunications, says Fidelity has "already deployed a few thousand VoIP phones, and we'll continue to expand this year."

Brady, like other road-warrior Fidelity employees, uses his laptop as a softphone.

Fidelity employees who deal regularly with customers see customer information pop up on their computer screens when they receive a call; the employee doesn't have to manually bring up that customer's records. "That sort of thing used to only be available in a big call center, but now it helps us to really deliver a more seamless experience," Brady says.

(A prediction: These so-called "screenpops" will have an even bigger impact on the way we use phones than did caller ID, bringing up recent e-mail correspondence when someone calls you, for instance, or a record of their recent service requests.)

But if 2005 is truly the Year of Inflection, as Brockmann contends, it won't mean that suddenly every company will toss out the old phones and switching equipment and replace them with brand-new Internet phones. At most companies, VoIP technology is being layered atop existing phone systems. One reason is that the Internet telephony products have not been battle-tested.

"I think the technology has certainly evolved to make it more reliable," says Bakutis. "But I'm not 100 percent ready to make VoIP the standard for voice calling throughout the organization." Garbled calls can still be a problem if enough bandwidth isn't dedicated to Internet telephony.

"At times, it can sound like a bad cellphone call," Bakutis says.

Others say that in some places, installing VoIP doesn't yet make fiscal sense. At Jordan's Furniture in Reading, managers have Internet phones at their desks, but on the sales floor are 250 standard, inexpensive single-line phones. "You don't want to put $400 VoIP phones out there when someone's just using it for inter-office calling," Ouellette says.

This spring, Brockmann and his colleagues at 3Com will be traveling the country, conducting road shows for prospective VoIP customers. It's a half-day seminar that "helps folks realize," Brockmann says, "that the benefits are greater than the pain" of converting to VoIP.

The road show began late in 2004, The Year of VoIP, and continues into 2005, The Year of VoIP.

This might just be the year.

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