

Hello world, this is a cheap call

Millions of mobile users can wave goodbye to hefty bills for international calls thanks to a new service. But how good is it, asks **Mark Harris**

A new mobile phone service that allows users to chat with friends in China for the price of calling their local takeaway sounds too good to be true. Last month, however, such an application was made available as a free download to almost anyone with a modern 3G phone.

It means that cheap international calls are available to millions of phone users — most new mobiles are 3G compatible — and marks a new phase in the battle between internet companies and conventional mobile networks.

The mobile service was launched by Skype, the online communication software provider, as part of a public trial prior to a full launch. It can be downloaded from tinyurl.com/2v22jw directly to a phone in much the same way as a new ringtone or game would be. It will operate on more than 40 handsets from Motorola, Nokia, Samsung and Sony Ericsson and work in countries including the UK, Denmark, Finland, Poland, Sweden and Brazil.

Skype is a pioneer of internet phone calls, known as voice over internet protocol (Voip), which digitise speech and send it over the internet rather than via traditional phone networks. Like e-mail, Voip calls are cheap or even free. However, because users need specific software and high-speed access to the internet, in the past Skype was used on a laptop or home PC with a phone headset attached — or on a sophisticated smartphone.

Skype's new application takes advantage of the fact that many of today's phones use high-speed 3G technology for video calling and web browsing. Connecting to Skype's service costs the same as a national-rate phone call but you can then talk to other Skype users at no extra cost, whether they are in San Francisco or Swindon. Talking to landlines here or abroad starts from a further 1.4p per minute, while calls to UK mobiles are 16.6p per minute on top of the national rate. Calls to mobiles in other countries are similarly priced. The sting in the tail is that users of this service will pay 16.6p a minute for incoming Skype calls. Fixed-fee packages with unlimited minutes are available but they do not cover mobile calls.

Understandably, all this has some mobile phone networks — which can charge 30p a minute for UK calls and many times more for international ones — worried. If users migrate en masse to Skype's service it will cost them millions in lost revenue. Already three of the UK's four biggest networks (O2, T-Mobile and Orange) have banned customers from using mobile Voip services on their phones.

Should customers try to do so, the networks can block the service completely because callers need to use their 3G services to connect to

Skype's internet gateway. It is unclear how often they choose to enforce this.

The ban on Voip calls is often buried deep in the networks' terms and conditions, but it applies to all mobile phone users — even those

paying for so-called "unlimited" internet tariffs.

The tactic has angered Skype, which says it has not ruled out legal action against the phone networks to force them to allow customers to use its service. "There's fear, uncertainty and

doubt among some operators, and there have been cases where Skype has been blocked by them," said Gareth O'Loughlin, general manager of mobile and hardware devices at Skype. "Consumers should absolutely have the right to choose which phone service they use."

Not all the mobile networks have resorted to brute force, though. The fourth big network, Vodafone, takes a more pragmatic view. It offers unlimited browsing to most new contract customers, and has decided not to block mobile Voip applications.

A Vodafone spokesman said: "Our internet offering is unlimited so you can use it for anything you want. However, most of our customers don't use mobile Voip because they get customer service and quality of service already with their traditional calling plan."

The mobile network 3 has embraced Skype and Voip technology, routing 100,000 minutes of calls via Skype every day. For a monthly fee of £12 it gives customers up to 4,000 minutes of free Skype-to-Skype calls each month — plus 100 minutes of normal calls — on its Skypephone mobile phone.

The 3 network plans to offer the full Skype service from the end of the year, according to Hugh Davies, its director of corporate affairs. "The great thing about Skype is that it ultimately enables you to move to flat-rate packages where customers are not being charged by the minute or second. Our message is that the end of the per-minute model is nigh," he says.

So how much of a threat is the new technology to traditional mobile networks and how good is the new Skype mobile service?

Despite the potential of mobile Voip it has far to go before it can challenge the giants of the industry. The service requires unlimited internet access and good battery life and needs to work more reliably with a wider range of handsets.

A test of the new Skype software on a Nokia phone using T-Mobile's network also confirmed that mobile Voip has a long way to go to match the quality of traditional calls. Although the call was not blocked by T-Mobile, after long delays only one in five calls went through — and the sound quality was abysmal.

Over the longer term, though, Voip is clearly gathering momentum. All the networks that currently ban or block it on mobile phones encourage its use with home computers. Orange's Livebox home broadband router includes Voip software; O2 owns the high-speed broadband provider Be; and T-Mobile permits mobile Voip calls using 3G laptops — but not 3G phones.

BT, the biggest provider of domestic broadband, has just extended its Broadband Talk Voip service beyond the home. Its Total Broadband Anywhere package (costing from £24 per month) comes with a free smartphone that allows customers to use Broadband Talk at nearly 85,000 wi-fi wireless hotspots around the UK.

All of this means that internet companies such as Skype and Fring, which offers a similar service, will increasingly feel the pressure as the big companies fight back. However, it is worth remembering that just as Skype pioneered free internet calls from the home, so it is doing the same with mobile Voip calls.

In five or 10 years cheap mobile calls from anywhere will be a reality, and the pain of massive phone bills for a quick call home from your holiday resort will be a distant memory. If you can't wait that long — and can put up with poor sound quality — you can sign up to Skype today. Just don't expect your network to reward you with free minutes.

