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business//review

Monthly news and analysis for Luxembourg



Fund of confidence

The EIF's Richard Pelly on encouraging innovation in a nervous world

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// VoIP: Business starts to switch

Companies seeking to save on expenses are increasingly looking at using the internet to make their calls - using the Voice over Internet Protocol (VoIP) to slash phone expenses. Significantly cheaper calls, especially for international numbers, are only the start. Using the internet to transmit your calls also gives you a more flexible and customisable voice-communications system. Luxembourg has several local companies selling this cutting edge communications service.



Intelligent telephony with VoIP

"In the future, all telephone calls will be made by VoIP," Pascal Knebler of Visual Online confidently declared. The idea of using the internet to make telephone calls has been around for several years. Skype, a limited form of VoIP, has reached ubiquity, introducing millions to the concept.

Businesses have been slow to sign up with VoIP in Luxembourg, industry observers say, largely because of quality issues that undermined the value of the cost savings. That situation has changed significantly in the past two years, and Luxembourg companies like Visual Online and voipGATE report a greatly increased interest in their offerings. Knebler of Visual Online reports that companies are now beating a path to his door, instead of demanding time-con-

suming free demonstrations. "Now people are experiencing better quality," said Knebler. "They are not afraid any more."

// Overcoming a misperception

voipGATE Chief Information Officer Marc Storck agrees with this assessment. "Some time ago, businesses tried several types of "voice over internet" offerings, but they discovered poor quality," said Storck. "During the last couple of years, we have seen a very broad acceptance," he said. "They try our service and they see the problem

is not the technology itself."

Francisco Malpica of Visual Online explained that his company's infrastructure assures the highest quality by using the internet only to avoid the expensive "last mile" local loop and the associated charges. Calls made on Visual Online are routed to the company's servers, then directly into the P&T telephone trunk lines. Malpica explained that feeding calls all the way to the destination leaves the door open to poor quality. "The main factor in getting bad calls is bad lines," said Malpica. He and Knebler credited the installation of the national grid of fibre optic lines as a major contributor to the increased quality of VoIP calls in recent years. Visual Online and its competitor voipGATE

said they have taken steps to distance themselves from the fly by night operators that tarred VoIP's early promise. "All of our efforts are dedicated professional services to the customers," said voipGATE Chief Operating Officer Jorge Marques. "This is something that, at the end, business people, enterprises, companies are looking for when they want to do something with VoIP." voipGATE owns its own infrastructure and had a staff of dedicated engineers in telecommunications, networking and security. "As operators we know our business," said Marques. "I think this is one of the reasons why we get more and more consideration on the market."

// Cost-effectiveness attracts

Companies are brought in the door with lower calling charges, but they are hooked with the flexibility, says Knebler. "A VoIP number isn't assigned to a particular phone," he said "The number is assigned to you, and anywhere you are you can use it." You can use the same VoIP number on a regular telephone, a Skype-like software phone on any computer or even a web-phone, where you make and receive calls via a web page. You can even use your smartphone to make VoIP calls. Visual Online has released an iPhone app that allows iPhone users to have their VoIP number for calling or receiving calls on their iPhone. voipGATE said it's working on a range of applications to make it possible to make high quality calls on a range of smartphones.

VoIP companies make available a wide range of added service and customisations for making and taking calls which would cost significantly more if you were to try to add the same functionality to a traditional telephone system. For example, VoIP PBX systems can

make adding another user as simple as filling out a web form.

Historically, you could only get VoIP numbers from a limited range. This dissuaded many potential customers who had a favourite or well-known number. Luxembourg's telecommunications regulator required landline operators such as Entreprises Postes et Télécommunications (EPT) to allow customers to use their landline numbers with a VoIP services such as Visual Online and voipGATE that interconnect their systems the landline network.

// A changing industry

Traditionally, Luxembourg's VoIP industry was dominated by hardware integrators. These companies sell corporations on installations of the telephone hardware from manufacturers like Siemens or Alcatel. These systems contained a version of VoIP which was used to provide free internal calling inside a company building or between locations. The VoIP industry in Luxembourg is still dominated by these players, says Christophe Baehr of Flexcom SA, an independent consultant in the industry. Baehr said the VoIP providers haven't yet reached the point where they can convince the biggest companies. "VoIP

is a future market," said Baehr. "It will come in very fast with VoIP providers." Baehr said VoIP is well established in the U.S, but European companies have been slower.

The other part of the industry is the VoIP providers, who provide connections that allow you to make VoIP calls to anyone with a telephone. These companies use the open standards SIP or IAX protocols that allow maximum flexibility with equipment. This part of the industry reports rapid growth, especially in the past year. voipGATE was selected to provide VoIP services by Luxembourg business telecommunications provider Crossing Telecom. voipGATE Chief Operating Officer Jorge Marques said that for smaller companies making only local calls, there's no real case for VoIP. "If you are looking for more flexibility, if you want to expand your markets, want to be more mobile with your communications, get specialised services . . . this kind of added value services, then it's interesting to look at VoIP. "

// Finding the right solutions

Successful companies in the VoIP industry know that they have to provide solutions to persuade businesses to sign up to keep on growing this part of their market. Visual

Online, which is affiliated with EPT, has developed a PBX (a company-sized telephone exchange) system called MixPBX that allows companies to add VoIP while retaining their existing investment in telephone infrastructure from major office telephony hardware providers like Cisco, Thomson, Siemens and Avaya. This system permits users to have very fine control over their telephone system, and makes it much easier and cheaper to add features over traditional PBX equipment. The system - available either as a virtual system or as two physical models - can be used by any sized company to add external VoIP communications and the host of extra functionality that comes with it: fax to email, email to fax service, click to dial (on a number appearing on a web page), conferencing, flexible routing, hot-desking and much more. The whole system can be monitored by the company from a web page. Knebler of Visual Online says his company's MixPBX has really expanded their market. "The MixPBX has given us more of an ability to integrate our services into companies without requiring a huge investment in new infrastructure," he said.

Visual Online and voipGATE have benefited from the introduction of PBX hardware equipped with VoIP open standards. "The hardware provided...helped us to show to the people, to the customers, that there are professional solutions on the market," said Marques. "And by using already known names in the hardware fields and having the right operator delivering the service that fits with this hardware so they can continue to still do their business over their telephone systems as they were already using but also new doors are opened."

While Baehr of Flexcom is optimistic about the future for VoIP service, said it might take the entry into the market of a big player like Microsoft, or even an offering direct from EPT to finally overcome some companies' resistance. "Then the internet providers will have to be ready for a big increase in traffic," he said.



VoIP allows greater freedom for organising your phone network

By Mike Gordon



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