

Voice craze hits ISP centAL

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While telcos extend their provision of managed wide and local area networks to small branches and remote workers over DSL, ISPs are only just getting in on the act. Many ISPs that focus on the business markets are beginning to look at using IP Centrex-based solutions over the public domain to add value to the data services they already supply, with the addition of voice.

Yet there is an argument raging between ISPs and telcos that also offer Internet service provision. Telcos state that it is impossible to provide business quality voice services over public broadband, whereas ISPs are yelling back that it is a perfectly viable proposition.

Pipex launched new product, VoIP for Business, specifically for small and medium sized businesses and branch offices. The product is being used by customers now following its launch as a trial for branch offices in December last year. It is now in the second stage of roll out, and will soon be extended to link into business head quarter offices, from the branch. The technology involved is based on the Media Gateway Control Protocol (MGCP), which competes with the older H323 standard to control and convert audio signals carried over PSTN circuits, into data packets carried over packet-based networks, such as the Internet and IP networks.

"It's for companies that require voice services over a secure DSL network, using a Centrex-type model," Sean Stephenson, head of product development for ISP, Pipex and managing director of its recently acquired consumer ISP division, Nildram, says. "What we've put into our system is security and reliability to get it into a classic telecoms service, as businesses need and expect. The user can control everything, including the features, through a browser. It's like a virtual PBX on the Internet, and includes functionality like 'follow me'. We have PSTN break out and packages like any telecoms service."

Pipex's VoIP for Business product is a plug and play service with managed bandwidth and prioritised traffic, Stephenson says. "We're trying to get into the position where our phone service is equivalent to other more traditional phone services," he comments. "Except ours has ease of use through Internet control."

As to why Pipex decided to launch VoIP for Business, Stephenson explains: "The majority of our business today is in broadband provision, which is becoming a commoditised service, so we have to add value.

Voice is an ideal value added service for our customer base." To that end, the company is also set to launch an MPLS-based virtual private network service in the second half of this year. It already offers MPLS VPNs as a bespoke service, so is productising the offering.

Kingston Communications is one of those telcos that is blurring the lines between its telephony services and its ISP. Kingston is moving into providing VoIP as a telephony provider, in terms of using IP PBX switches for VoIP connectivity for businesses. However, the company is also set to launch an IP Centrex service over the next two months which will be bundled with its broadband service, also based on MGCP to provide businesses with the quality of voice services they require.

This will enable those businesses that do not wish to continue to further the expense and increasing complexity of managing and upgrading their PBX systems. Following the launch of this service from a third party IP Centrex provider, if the demand is apparent Kingston will upgrade its own network from TDM to next generation technologies to provide the service directly.

Another advance for ISPs comes from Tiscali. On 3 March, Tiscali Business Services launched QoDSL, its product that enables businesses to have quality of service over broadband. This product works over uncontented or contented DSL. The company is advocating its use over contented DSL more as it then lowers the price drastically.

Lance Spencer, product and marketing director for Business Services at Tiscali, states: "The limitation you have at the moment on broadband is there is no quality of service. For good quality voice over IP, you have to use Ethernet, a leased line, or something else that will enable you to get the quality. But Tiscali has launched QoDSL, which enables you to have quality of service over broadband."

QoDSL is based on Cisco's multi protocol label switching (MPLS) technology for prioritisation of differentiated traffic over a network. Tiscali has rolled out this technology across its network, to give smaller companies access to the solutions so far only appreciated by corporates.

Yet Richard Mahony, analyst at telco research firm, Ovum, is on the side of the telcos as he believes it is very difficult for ISPs to provide a business quality voice service. "The quality of service is not guaranteed over the public Internet. It can't be, no matter what an ISP tells you. If an ISP voice service is going to save you £50 per year, moving your voice services over to one is not going to be worth it if it may be unreliable. However, if it will save you £500 a month, then yes, it is probably worth it."

Mahony also adds that there are many issues that will make the battle for market share in this area even tougher for ISPs trying to break into voice services: "The problem for ISPs is that most don't offer the wide area networking services that telcos do. For a business, you want to go with one provider for your voice and for your virtual private network, so you go to a telco rather than an ISP.

"That's the real challenge ISPs face; they don't have the full range of IT services that businesses require," Mahony continues. "The scope of services an ISP can provide is not as wide as a large telco's. There will be some smaller organisations with very voice intensive operations, that don't have any networking requirements, which will go with ISPs if they are price competitive. That's where ISPs are best placed and where some of them may pick up business. But it's not where the really high value business is and I think they know that. There are limitations for an ISP in the voice world."

Julian St John-Dennis, director of voice for Telewest Business, agrees: "Voice has to be engineered by experts; ISPs are experts in data, but you need to bring along voice expertise as well, to take into account latency and packet loss. In our managed WAN environment, we have MPLS IP VPNs for quality of service, and on the Evolved Ethernet product, we have voice LAN quality of service infrastructure. These ISPs can't provide business quality VoIP, because they can't get the quality of service using the Internet's infrastructure." Telewest Business is launching an IP Centrex service through a third party provider later this year; however, this service is simply to enhance its main telco-based offerings.

Spencer adds that corporate investments in technology will steer them away from any kind of outsourcing model, such as IP Centrex, versus a managed service model. "Kingston and Pipex are taking the IP Centrex approach. I'm doubtful about how much traction they'll get in the marketplace, as most businesses have a large investment in PBXs and infrastructures built up over past years. The IP Centrex model is taking the opposite approach, and I don't think businesses will want to take that route; there are very few economies of scale to come out of it."

As it is, both telcos with ISP divisions are joining the pure ISPs in the race to launch an IP Centrex model. Only time will tell if ISPs find their niche against the big guys in the marketplace.

