

# The New York Times

The Competitors  
Circuits; SECTG  
**A Game of Phone Catch-Up on the Net**

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THE big telephone companies are scrambling to catch up with upstart competitors in the race to provide low-cost telephone service over the Internet. They may be late to the game, but they say their services will offer better voice quality -- a claim questioned by the smaller operators and industry analysts.

The larger companies' system, known as voice over Internet protocol, or VoIP, transforms a standard phone call into a series of packets that are streamed across the Internet like any other piece of digital information, and later reassembled.

Proponents say this system is more efficient than the conventional format for carrying telephone calls, called circuit switching, which uses a dedicated connection that remains open for the duration of the call.

To use most Internet phone services, customers must have a high-speed Internet connection. Most of the independent companies now offering service provide an adapter that plugs into a D.S.L. modem and has a jack for standard phones. All of these units must plug into a wall socket, and none will work during a blackout.

Some of the services may also lack 911 capabilities or directory assistance.

These services are available to anyone with a high-speed connection. The independent carriers allow users to choose an area code without regard to their actual location, although several services offer only a limited number of area codes.

Telephone carriers have offered business service based on Internet protocol for several years. These plans typically allow a large company to deliver voice packets across the same data network used to route internal e-mail messages, with priority given to the telephone traffic.

As major carriers plan to offer similar service to consumers, some say their ability to assign priority to voice packets -- given the carriers' role in regulating Internet traffic -- will provide better quality service than the independents can.

Besides, they say, even the Internet has its limits.

"We have 36 million customers, and the public Internet was not designed to carry that kind of traffic," said Eric Rabe, a spokesman for Verizon, which plans to offer Internet-based phone service to consumers next year. For now, in any case, even calls placed by Internet phones are dependent on the conventional network.

For example, Vonage, the largest provider of Internet phone service, says that 96 percent of its calls end up on the circuit-switched network.

Brooke Schulz, a spokeswoman for Vonage (pronounced VAHN-udge), dismissed the big companies' claims that their Internet phone service would be superior to the independents' offerings.

"We think the quality-of-service arguments given by the national carriers are a red herring," Ms. Schulz said. "As long as there is enough bandwidth, you will have great quality."

And Vonage and the other independent providers can claim one significant advantage: they are offering service today.

#### The Upstarts

##### Vonage

[www.vonage.com](http://www.vonage.com) -- By far the largest Internet phone carrier, with 80,000 users. Offers unlimited local and long-distance calling for \$35 a month plus tax; a 500-minute long-distance plan, plus unlimited local calling, is \$25. Offers 911 capabilities and directory assistance.

##### Voicepulse

[www.voicepulse.com](http://www.voicepulse.com) -- Offers unlimited local and long-distance calling for \$35 a month. Offers directory assistance but no 911 service.

8x8 [www.8x8.comOffers](http://www.8x8.comOffers) unlimited local and long-distance calls starting at \$20 per month; unlimited domestic calls to Europe or Asia as well as domestic calls for \$30 per month. No directory assistance or 911 service.

##### Voiceglo

[www.voiceglo.com](http://www.voiceglo.com) -- Claims to be the only Internet phone provider that can carry voice calls on a 56K dial-up modem. Customers use either a regular phone plugged into an adapter (\$49) or a free phone with a U.S.B. line that connects to a computer. Unlimited calling in North America for \$30 per month. Offers directory assistance, but no 911 service.

##### Deltathree

[www.icconnecthere.com](http://www.icconnecthere.com) -- Customers use either a special Internet-ready phone (\$39) or a regular phone plugged into an adapter (\$109), and must purchase the equipment. Offers various rate plans, including several for calling overseas. Charges \$5.59 per month for 400 minutes in North America, with additional minutes costing 3.9 cents. Does not have 911 service.

#### Cable Companies

CABLEVISION -- Says it is the first American cable company offering Internet-based phone service across its entire service area, including four million homes in New York City, Westchester County, Long Island, New Jersey and Connecticut. Unlimited local and long distance calling, for \$35 per month. Offers 911 service. No directory assistance, but plans to offer it next year.

TIME WARNER -- Announced last week that it would join with MCI and Sprint to offer Internet phone service to consumers. By the end of next year, it expects to offer service in all or most of the 27 states it covers. Currently has 8,000 customers in Portland, Me., paying \$40 to \$50 a month for unlimited local and long-distance Internet calls. Offers 911 service.

COMCAST -- Testing Internet phone service in Philadelphia and plans to expand trials to other markets in 2004.

COX -- Just announced its first Internet phone service for consumers, in Roanoke, Va., and says it plans an aggressive expansion in 2004.

RCN -- Has been testing Internet phone service in Philadelphia since 2001, and plans to introduce a consumer offering in the first half of 2004, but will not say where. Service includes both directory assistance and 911 capabilities, and will work in a blackout.

#### Phone Companies

VERIZON -- Announced plans last month to introduce Internet phone service for consumers in the second quarter of 2004, with pricing and extent unspecified.

AT&T -- Announced plans last week to offer Internet phone service to consumers in the first quarter of 2004. Pricing and locations have not been released.

QWEST -- Began offering Internet phone service in the Minneapolis-St. Paul area in October, with plans to add other markets in the first half of 2004. Currently lacks 911 service and has encouraged customers to keep their primary lines for this reason.

SBC -- Evaluating consumer Internet phone service in laboratories but says it has no plans for deployment.

BELLSOUTH -- Ran one trial this year for consumers but has announced no plans to begin service.

Photos: CALLING -- Abiy Jacob, a support engineer at Vonage's offices in Edison, N.J., using a voice terminal, foreground and right, as one does when making an Internet call. (Photographs by Associated Press)

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