

## Skype in a struggle to be heard on mobile phones

Kevin J. O'Brien

*Josh Silverman, the chief executive of Skype, the voice-over-Internet phone service, could tick off the names of mobile phone operators that block his company's service.*

But for Mr. Silverman, a 41-year-old Michigan native, it is quicker to name those that allow it, no strings attached.

"The two operators that have really embraced us are 3 in Europe and Verizon Wireless in the United States," Mr. Silverman said Wednesday at the Mobile World Congress, the industry's annual convention, in Barcelona. "But we are making progress, and operators are beginning to change their attitudes."

In a world where network neutrality has become a rallying cry for advocates of an unfettered Internet, Skype, the pioneer in low-cost and even free online calls, has become a prime example of the limits of wireless freedom.

In the United States, Skype is blocked on mobile networks, and the service is available only on the Apple iPhone over Wi-Fi. AT&T, the exclusive American carrier for the iPhone, has said that it would allow Skype and voice-over-Internet-protocol services to operate on its 3G network, but Skype has not made an application available.

In Europe, Skype is carried by the company 3 in Britain, Ireland, Austria, Denmark, Italy and Sweden. But many other cellular operators still block its calls, prohibit their customers from downloading Skype's software or outlaw the use of VoIP service in standard sales contracts.

Some carriers are imposing fees to undermine Skype's attraction. In Germany, customers of T-Mobile can place calls using Skype, but only if they pay an extra 10 euros, or \$13.60, a month. German customers of the Vodafone Group can use the service for an extra 5 euros a month.

However, the barriers to Skype and similar Internet calling services, like Google Voice, are coming under increasing scrutiny as the Internet goes mobile. By 2013, the number of Internet-ready mobile phones will surpass the number of computers in the world for the first time, according to Gartner, a research firm.

"Such practices illustrate how operators' business models based on control and discrimination of data flows really harm competition as well as the fundamental freedom of communication allowed by Internet," said Jérémie Zimmermann, the director of La Quadrature du Net, a group in Paris that opposes efforts to control public access to the Internet.

Most operators and network equipment makers still perceive Skype and other Internet phone call providers to be potential freeloaders, stealing their customers while they invest billions of dollars to build out and upgrade mobile networks.

"VoIP is a great technology, but it is not a game-changer," said Ben Verwaayen, chief executive of Alcatel-Lucent, a network equipment maker. "If everything is free, then operators will not be able to survive. The battle is not about technology but the business model."

In the United States, last July the Federal Communications Commission asked Apple to explain why it had not approved Google Voice, an application that lets callers circumvent mobile network calling charges, for the iPhone. Apple told the F.C.C. that it was studying Google's application.

Carriers in the United States could have more difficulty blocking VoIP services as they introduce 4G data networks, faster than 3G. The F.C.C. imposed no-discrimination rules on buyers of 700-megahertz spectrum, which is being converted from analog television use to cellular data.

In Europe, the new commissioner for digital issues, Neelie Kroes, has indicated she might put pressure on wireless operators to allow VoIP service on their networks. In a hearing on Jan. 14 before a European Parliament committee, Ms. Kroes said blocking VoIP violated network neutrality.

"It is imperative that VoIP can be done," Ms. Kroes said before the Industry, Research and Energy panel. "That is another way of using the same infrastructure. We have to act and force those owners. There must be another argument against it other than: 'It is against the rules.'"

Getting access to mobile networks is critical for Skype. The seven-year-old company, based in Luxembourg, has more than 500 million registered users, and they now generate 12 percent of all international calls, according to the research firm TeleGeography.

Founded in 2003 by Niklas Zennstrom and Janus Friis, Skype initially impressed technophiles but has so far largely failed to live up to its commercial potential. eBay paid \$3.1 billion for Skype in 2005 but was unable to fit the service into its online auction business.

Last September, eBay sold control of Skype to a group of investors led by Silver Lake Partners, a Silicon Valley private equity firm, in a deal that valued Skype at \$2.75 billion. eBay, which retained a 35 percent stake, said Skype made a \$48 million profit in the third quarter of 2009 on \$185 million in sales, the last results published before the company was sold.

Mr. Silverman, the former chief executive of Shopping.com, also owned by eBay, foresees regulators in the United States, Europe and elsewhere putting pressure on operators to permit VoIP services.

"Truth and justice are on our side," Mr. Silverman said. "We think it is a ridiculous argument to say these are ones and zeroes we like and these are ones and zeroes we do not like."

In some quarters, resistance to Skype is waning. Operators like Belgacom in Belgium experiment with the service without fanfare, to see if it attracts and retains customers. Skype's deal with Verizon Wireless, the largest United States carrier, may also make the service more available. In exchange for access to its 3G network, Verizon attached many conditions to its agreement with Skype.

Skype users will have to buy voice and data plans from Verizon Wireless and also one of nine smartphones sold by the operator. Also, any Skype calls placed to United States residents who do not have Skype accounts will be deducted from the caller's package of Verizon voice minutes. Calls placed outside the United States and domestic calls to Skype users will be free.

"The Skype-Verizon announcement demonstrates that mobile operators are beginning to change their attitude," said Dario Talmesio, an analyst at Informa Telecoms and Media, a research concern based in London. "However, the majority of mobile operators have yet to make a firm decision. Blocking VoIP is a short-sighted strategy."

Mr. Silverman said Skype would never pay to win access to mobile networks. "Being a free service is core to our value proposition," he said. "We see no plans to change that."

**Fonte: New York Times, New York, Feb. 17<sup>th</sup> 2010, Technology, online.**