



## VoIPeering

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### iPhone Comes Home

The Apple iPhone was launched June 29th with about as much media hype as any electronic device has in recent years and as far as hype goes it did not disappoint. There were people literally camping out on the sidewalk to buy them just like in the old days when concert tickets were going to go on sale the next morning and there was no other way to get them — well, good seats anyway. The utility of front row seats at a Rolling Stones concert is probably not as great as that of the iPhone, but at this point that is a matter of opinion. The coolness factor of camping out and being one of the first to own an iPhone is the modern-day coolness of camping out and being the proud owner of floor seats for the Stones show. If the concert wasn't for a few months you could get a lot of mileage out of "I got tickets" and it is probably the same amount of "cool-time" you'll get with the iPhone until the new version comes out. Beyond the hype, though, there is a real story here.



By:  
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What Apple says the iPhone can do for you to better manage and ultimately change your life is indeed valuable. There are new Web 2.0 applications being developed by the user community that will drive innovation and bring new functions to the world in a truly Darwinian way. Some of the new Web 2.0 applications are being combined with some useful old-school needs such as "OneTrip" which is a shopping list manager. Having a good shopping list and not forgetting anything is probably one of the lowest tech things anyone can think of, but having list creation and management in your hand for when you think of what you need and then when you're out to buy it is very useful. Come home without the bread sometime and you'll know the feeling. There have been others that have tried to make these daily routine functions part of an electronic experience in the past, but the PDAs and other stand-alone devices haven't been as successful since users were required to remember to carry each of them almost all of the time in order to derive the value.

Folding multiple functions into one device makes sense because it gives the user one thing to have to remember to bring and learn how to use. What is particularly interesting about the iPhone is that it comes to us from Apple, one of the best brand names in the computer business, and it is a phone. Imagine that, Apple Computer's latest and greatest technological accomplishment is a phone. Although that may seem somewhat ironic it is very logical. The utility of voice-calling functionality is what really propelled the BlackBerry and adds life to any one dimensional text-only device. The potential future magic of the iPhone beyond the Web 2.0 apps is actually not in the voice calling plan itself though, but rather the "access" component of the network that brings the "voice service" to the device.

The "access network" component of the current iPhone is provided by AT&T. The access is what carries the data (email/web), SMS and voice. AT&T also provides the traditional voice switching for the phone calls. The iPhone pricing plan above includes a certain number of minutes for calls as a bundled package. This is not to

say that the minutes are the only thing the user gets. The user gets unlimited data and this is very interesting. In the lowest-cost plan the rate per minute is about \$0.13. That is actually very expensive when compared to what the real rate to terminate a call is. In the most expensive monthly plan the rate per minute is about \$.03. This too is expensive, but when considering the utility of mobility itself coupled with voice calling it may be acceptable. The only problem is that you need to be a heavy user of minutes to justify \$219.99 a month. That's a lot of money for most people. One benefit to all users is that aside from the AT&T network being necessarily all on-net, they have multi-laterally peered their mobile customers in the economic sense as well. All mobile-to-mobile calls are free. This is one big "in" network, but the challenge is to know if the person you are calling is "in" or not.

If all iPhone plans include unlimited data, why not just use Skype? The Skype offer is about \$3 per month for unlimited U.S. and Canadian calls and of course Skype-to-Skype calls are free. The more calls you make the lower the average rate per minute goes. In addition, the SkypeOut service enables calling to any terminating number in the world and the international rate per minute is about \$.02 to 30 destinations worldwide. There are a few other details to consider, of course. such as connection fees, but the point is that this is possible and it doesn't require WiFi, although the iPhone is WiFi-enabled.

By now probably everyone knows about Skype and how to bypass traditional PSTN charges using IP and the Internet on their personal devices. This is nothing new. The phone is certainly not new, but Apple has made old new again and, with improvements, has made the old phone truly a relic. The untapped potential of every superior network (better quality, lower cost, greater utility, etc.) is in every instance tapped in through the use of a device. What is the Internet without a router? But, the network and the device need applications. Voice is again reborn as a killer app to drive not only the network, but also the sale, use and utility of a device. This powerful hat-trick is reinvented once more. The new iPhones also continue to spread the awareness of peering communities comprised of individuals. With a very flat communications architecture in a P2P network environment, coupled with community-based, Web 2.0 application Development these new devices are unlocking the potential of mass natural selection. This is indeed quite an interesting development in nature.

The media hype helps sell devices. This is clearly what the Apple shareholders want. Perhaps what Apple really wants is to enable the development of applications that improve our lives while keeping their shareholders happy. Apple has made doing both difficult tasks look easy. Who knows, maybe one day we'll be able to order the concert tickets right from our phone and then watch the concert live on the phone the very next minute. That would save a lot of people the trouble of sleeping out on the sidewalk and is in line with Apple's commitment to environmental protection. Proper human evolution is definitely a noble and worthy cause. IT

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