

Number of Internet-Phone Consumers Soars

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The number of consumers bypassing the traditional phone network and opting for Internet voice service is soaring beyond expectations.

An analysis by the TeleGeography research group found 2.7 million subscribers nationwide in the second quarter, compared with just 440,000 a year earlier.

The technology, known as Voice over Internet Protocol, or VoIP, requires a broadband Internet line but generally offers inexpensive calling plans and novel features such as the ability to manage voice mail on a Web page.

The revenue generated from consumer VoIP services remained relatively small, at \$220 million, but that is expected to change quickly. TeleGeography forecasts annual VoIP revenue hitting \$3 billion in two years.

The biggest factors in the numbers are cable TV companies, which are using VoIP to bundle phone service with their TV offerings in hopes of staving off competition from incumbent phone companies that are just beginning to get into the TV business.

Time Warner Inc.'s cable division is now the nation's second-largest VoIP carrier, trailing only Vonage Holdings Corp., one of the earliest commercial providers of the service. Vonage is estimated to have 750,000 U.S. subscribers, more than three times its level a year ago.

Associated Press

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