

Jive eXchange

Telstra vs. Skype.....Winner (?????)

Do any of you own Telstra shares? For many of you it was supposed to be part of a valuable retirement nest egg and prior to the release of T2, things were looking good. The question is often asked, will Telstra even reach that break even point again, let alone make healthy returns, and if so when can we expect it. Telstra has a few core revenue streams being local phone, international phone, mobile phone, broadband internet, online services, television and their wholesale division. Now if we focus on just two of these areas being the local & international phone areas, things don't look good for Telstra.

If you could tell someone that their monthly phone line rental cost could be eliminated, local and international call rates to many people could be eliminated, calls to mobile phones could be reduced and calls to standard landlines in the US and UK (as well as many other areas of the world) will be only 2.7c a minute, 24 hours a day and 7 days a week, what do you think their reaction would be? My guess is that there would be a lot of disbelief and scepticism but this is all a reality right now and available to people the world over via what will soon be, if not already, the world's biggest telecommunications company, EBay.

You might be thinking, "isn't EBay that online auction site?", well that is correct but last year EBay purchased Skype for over a billion US dollars with the promise of more depending on success. What is Skype? Well it was a company that began in 2003 and is probably the fastest company in history to reach the billion dollar level making companies like Google which took 5-6 years look pretty slow and men like Murdoch and Packer who took decades for their companies to reach that level look like snails.

Skype created this software which anybody could download for free to their computer allowing them to make free and unlimited calls (in video if they had a webcam) to anyone else around the world that had the software. So what? Well as it stands Skype currently has 300 million users and this is growing by millions a day, numbers Telstra could only ever dream about. OK that might be impressive but what has that got to with local phones? Well the service range has expanded and now there are standard Skype handsets that plug into your computer that work just like any other standard phone and can ring other Skype phones the world over for free, as well as normal landline phones and mobile phones all at the rates mentioned above and with no line rental. The only service cost required is a broadband internet connection and yes with ADSL, you do need a phone line and thus have to pay line rental. However with cable internet this is not the case and with wireless internet now an option for most of the population and fibre optic technology heading our way, you can eliminate this expense.

Homes and businesses who are currently using this technology, more commonly known as VoIP (Voice Over IP), are seeing monthly phone bill savings of up to 80%, which is huge in anyone's language. If you think this is a fad or not reliable, be prepared as PBL and others are going to be offering their own services in this area in the coming months, however it is unlikely they will ever be able to match the deals Skype can offer. You can see all international phone rates and download Skype from www.skype.com and have a look at various handsets at www.layby.com.

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