

## VoIP: Why it is not your parents' Plain Old Telephone Service (POTS)

For more than a hundred years, real-time, electronic voice communications took place over dedicated networks that were often controlled by monopoly providers, either government owned or heavily regulated and taxed. In contrast, the Internet has operated in a competitive and largely unregulated environment as a network of data networks. The excitement about VoIP is that it represents yet another piece of the dynamic growth of the Internet. As the Internet is transforming commerce, government, education, and so many other aspects of our lives, so too is it transforming real-time electronic voice communication.

Voice is becoming just another Internet application, software riding on an increasingly ubiquitous network. The first VoIP applications mimic existing telephone services, but newer applications expand and improve those services, adding new functionality and improving quality and reliability. For instance, the Department of Commerce recently installed a VoIP system to replace its internal phone system in order to reduce costs, improve telecommuting capabilities, and add a "reverse 9-1-1" functionality. With the right public policies, VoIP can continue to deliver new innovations and more affordable ways to communicate. It also can be a force for increased competition, a platform for innovation, a driver of broadband deployment, and an enabler of economic growth.

The Voice on the Net (VON) Coalition's policy objective is to keep VoIP and the Internet as free of unnecessary government regulation as possible. VoIP should not automatically be treated like traditional telephone service that is being provided by a monopoly.

The VoIP community is working constructively on the legitimate social and economic policy issues including providing access to those with disabilities, access to emergency services, cooperation with law enforcement, secure funding for universal service, and reform of inter-carrier compensation.

- **Universal Service.** The Coalition favors taking a new look at the Universal Service Fund to ensure its sustainability.
- **Inter-carrier compensation.** We must overhaul the outmoded inter-carrier compensation regime, which is now a hodgepodge of implicit subsidies.
- **Emergency Services.** We are working with the public safety sector to identify technical and financial solutions and provide consumer education, to ensure access to emergency services by users of VoIP.
- **Law Enforcement.** Industry is cooperating with law enforcement to respond to investigations and to develop technical solutions to meet law enforcement's needs.
- **Phone-to-Phone VoIP Regulation.** Phone-to-phone VoIP plays an important role in the development of other forms of VoIP. Phone-to-phone providers have invested and are continuing to invest not only in the Internet backbone but also in the critical gateways that enable the Internet and the traditional phone network to interact.
- **State and Federal Roles.** There is a legitimate role for state governments, but that role has to be defined in a way that is consistent with the interstate nature of the Internet and the practical problems that would be caused by varying state regulation.

**VON Coalition** members include: AT&T, Callipso, Convedia, IceNet, iBasis, Intel, Intrado, ITXC, MCI, Microsoft, PointOne, and Texas Instruments.

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