

Skype plans to launch iPhone application

Analyst says move unlikely to threaten wireless-service providers

By [Dan Gallagher](#), MarketWatch
March 30, 2009

SAN FRANCISCO (MarketWatch) -- In what could be the beginnings of a notable shift in the wireless communications business, Internet telephony provider Skype plans to launch an application that will put its service on the popular iPhone.

Skype, which is owned by eBay Inc., plans to formally announce on Tuesday the availability of an app that will allow users of the iPhone to make phone calls over the Internet, instead of the regular wireless networks used by the device. Users would need access to a Wi-Fi network to place the calls, which would then be routed through the Web using voice-over-IP, or VOIP, technology.

Kurt Thywissen, lead product engineer for Skype, said the Internet telephony service has more than 400 million customer accounts and now accounts for about 8% of the world's voice traffic.

"We have a huge existing user base that has been demanding this," he said in an interview Monday. "It's also a great opportunity to bring in new users."

The move is notable in that it allows iPhone users -- as well as those who own an iPod Touch along with a headset/microphone assembly -- to place voice calls outside of the device's exclusive network provider.

Apple has teamed with AT&T to provide exclusive service to the iPhone in the U.S., and other carriers have been tapped for foreign markets.

Some media and analysts believe such a trend could eventually threaten the business of wireless carriers. But wireless analyst Ed Snyder of Charter Equity Research says wireless carriers have little to worry about, given the limited range and availability of Wi-Fi hotspots.

"Why did you buy a mobile phone? To be able to make calls from anywhere," Snyder said. "This in no way competes with cellular systems."

Snyder did mention that growing use of systems such as Skype will threaten traditional landline telecommunications services, as people using high-speed Internet connections in their homes and businesses may have less need for these services.

For parent company eBay, Skype remains a relatively small but fast-growing business unit. The service brought in \$145 million in revenue for the fourth quarter. Although only 7% of eBay's total revenue for the period, it did represent a growth rate of 26% over the same period the previous year while eBay's core auction business decline by 16% during the same period. ■

Dan Gallagher is MarketWatch's technology editor, based in San Francisco