

# Telecom Transition !

Why now ?

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Norden Chef

Internet Dagarna · 2005 10 24

The whole world can talk for free. [Skype.com](http://Skype.com)





The company that brings you **NO** bills

The whole world can talk for free. [Skype.com](http://Skype.com)



# Telecom Transition

It's about time we stop paying for  
phone calls...



The whole world can talk for free. [Skype.com](http://Skype.com)

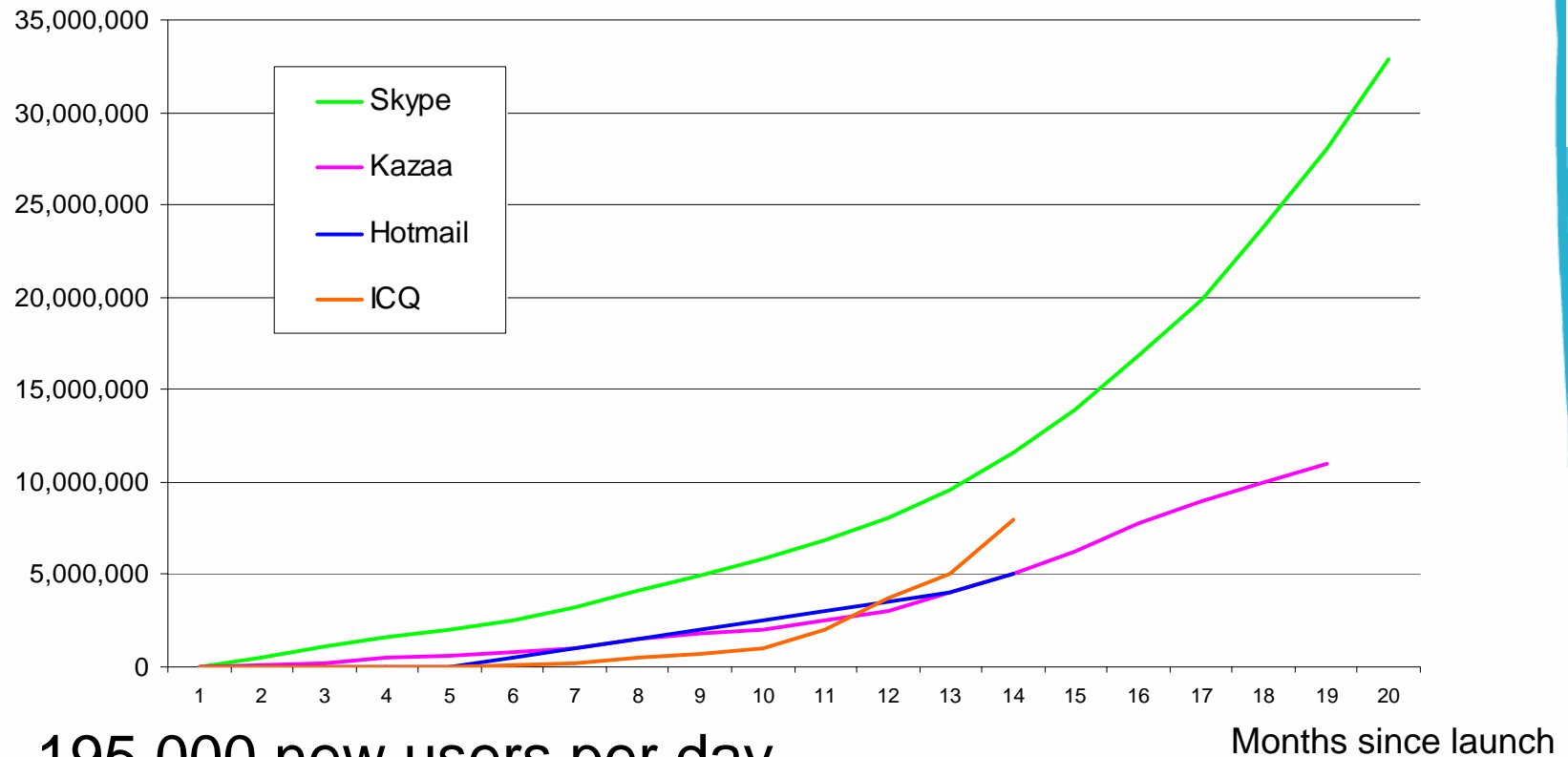
Why Now?  
&  
What is happening ?



The whole world can talk for free. [Skype.com](https://www.skype.com)

# It is happening = Exponential Growth

Users



~195 000 new users per day

~ 64 M registered users, in all countries in the world

~2.2 M registered in the Nordics Skype Out accounts



# Why Now – Tech

- Infrastructure
  - Massive bandwidth, over 100 million computers connected to broadband
  - Powerful computers
  - Alternative access methods Wi-fi, 3G
- Telephony is becoming an App
  - P2P marginal costs per call minute
  - Network independent & worldwide market
  - Software development product cycles, rather than network infrastructure (10 years+)



# Why Now – User Maturity

- Wants to use the Internet and PCs for calling?
  - Who could imagine we would use our PCs for:
    - Music jukebox and music downloads?
    - Photo albums and image sharing
    - Film recorder and TV
- Sara 8 years old doesn't like to talk on the phone (it's weird) but talking on Skype is cool
- Mike 17 uses his PC for music, TV, photos, gaming and talking (incl voice) to friends



# Why Skype

- Outside-of-the-box technology
  - none of our engineers were telecom engineers – they just solved the problem
- We focused on three things.







Always  
delight  
our  
users

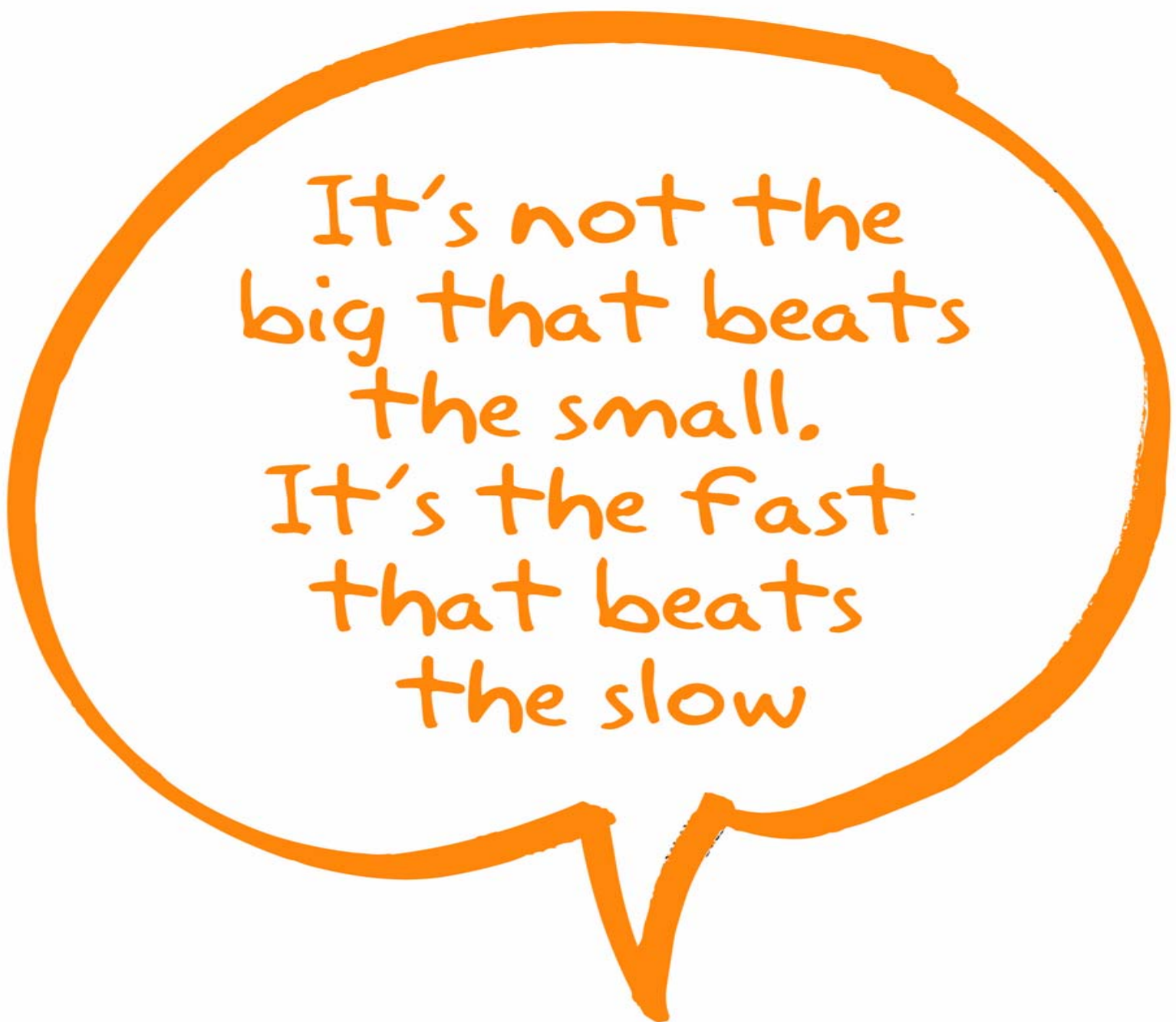
# Business Model

- Always delight the user =
- Free distribution
- Zero marginal cost P2P
- Upsell Value-added services
- Benchmarking with Yahoo! and Google not Telia and Tele2, AT&T ex





Simple made easy

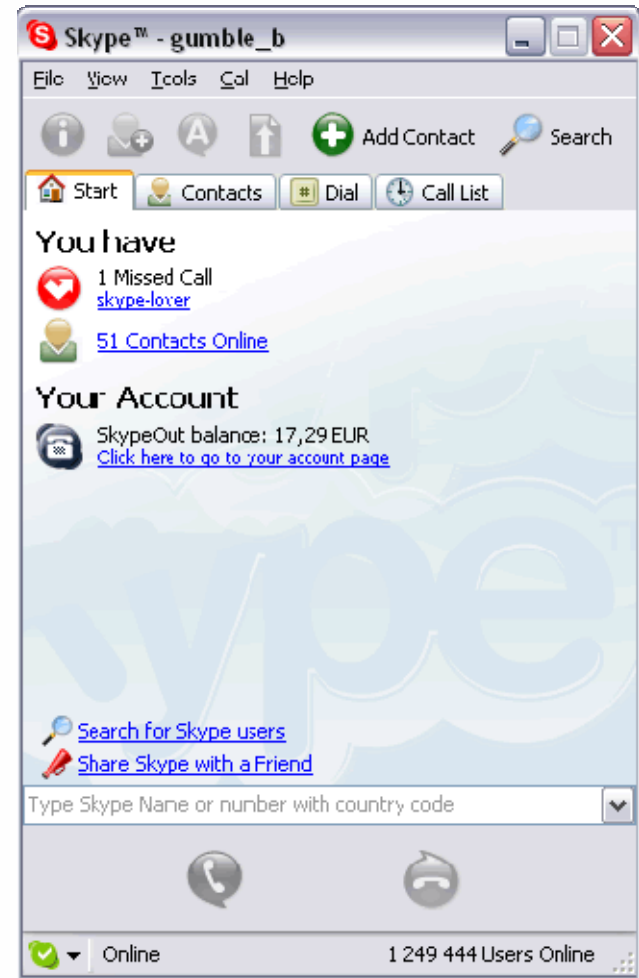


It's not the  
big that beats  
the small.  
It's the fast  
that beats  
the slow

# Simple, Intuitive and Free

## Baseline features

- Free unlimited worldwide calling to other Skype users
- As easy to use as launching an Internet browser
- Superior sound quality
- Rich features: presence, group Instant Messaging, file transfer, conferencing calling, expressive content
- Available in 27 languages
- Simple to install, works behind firewalls and NAT



# Growth Opportunities

Where are Skype going...



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# Growth has been on PCs so far

- There are many more mobile phones than PCs
- Although we (early adopters) can't live without our PCs our mothers don't want to leave them on
- Skype is breaking out of the PC...



# New Platforms

- Skype on mobile operating systems
- Cordless phones
- Embedded Platforms:
  - We intend to work with hardware companies to include Skype on their Internet connected devices





# New Services

- SkypeIn beta – 30 € per year
  - Obtain personal, geographic numbers in US, UK, France, Sweden, Finland, Denmark, Poland, Hong Kong, Estonia
  - Free global roaming
- Skype Voicemail
  - Leave, send and receive voicemail messages
  - Early usage shows that people use it differently than PSTN voice mail
- 2005 Upcoming Releases
  - Skype Video
  - Skype for Workgroups



# The Ecosystem

- Extensive API which is free to use
- Encouraging evangelizers
- Accessories which are Skype Enabled are very attractive to consumers
- Existing users recommend Skype to friends (as long as we are honest and respect our users)




[Skype.com](#)
[Share Skype](#)
[Developers](#)
[Store](#)
[Help](#)
[Extras Gallery →](#)

Please note that unless clearly labeled as 'Skype Certified', none of the entries presented here have been endorsed or certified by Skype in any way and should be used entirely at your own risk.

### Community

[Skype Web Plugin. \(New\) from Jyve!](#)

★★★★★ | 88994 views | FREEWARE

[Skype Card \(New\) from Jyve!](#)

★★★★★ | 26269 views | freeware

[View all in Community \(23\)](#)

### Enterprise

[Hansaworld CRM](#)

★★★★★ | 15114 views | pay first

[Peerio Biz](#)

★★★★★ | 6333 views | trial

[View all in Enterprise \(12\)](#)

### Hardware

[IPFONES IP-700m USB World Phone](#)

### Development

[Skype Web Plugin. \(New\) from Jyve!](#)

★★★★★ | 88994 views | FREEWARE

[Conociendo la arquitectura del Plug-in de Skype \(Learning Skype's Plug-In Architecture\)](#)

★★★★★ | 25 views | FREEWARE

[View all in Development \(21\)](#)

### Entertainment

[Mute For Skype](#)

★★★★★ | 16150 views | free

[QFace for Skype](#)

★★★★★ | 21393 views | free

[View all in Entertainment \(15\)](#)
[Sign in to your account](#)
[Developer Blog](#)
[Extras Gallery](#)
[Submit New Listing](#)
[Documentation](#)
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[Forums](#)
[Licensing](#)
[Certification](#)

### Featured Extra

[Skype plugin for Miranda IM](#)

As so many people requested it, here is now a implementation of the Skype protocol for Miranda IM. ...

★★★★★ | 8323 views | GPL



# Disruptive Technology

Creating values...



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# A Paradigm shift is here...

- Solving an old problem in a completely new way – better and cheaper
- Creates sustainable competitive advantages – game changing
- Decreases costs for end user. Free !!
- Incumbents can embrace or try to fight it

***Paradigm shift is good for everybody***



# Unleashing Innovation

- The Internet is levelling the playing field
- Anyone can address the global market
- No longer advantageous to be big
- What used to be assets may become a liability for incumbents



# History vs Future

1995

2005

2015





Thank You





# Vision

As broadband becomes ubiquitous, most voice calls will migrate to the Internet using free software, on the edges of the Internet, that remove barriers to more natural forms of communication.

That software is Skype.



# 1. Many Networks Become One

- Previously we had vertical solutions that offered one network per service:
  - PSTN, X.25, Frame Relay, IP, Telex...
- The Internet is becoming the common carrier for all services
- Growth comes as various wireless access technologies connect to the Internet
  - Wi-Fi, 3G (data), WiMax, UWB...



## 2. Phones are Becoming Computers

- Powerful CPUs
- Connected to the Internet via various radio networks (multi-band)
- Open OS (Linux, Symbian, Windows Mobile, etc)
- Easy to install applications
- Affordable

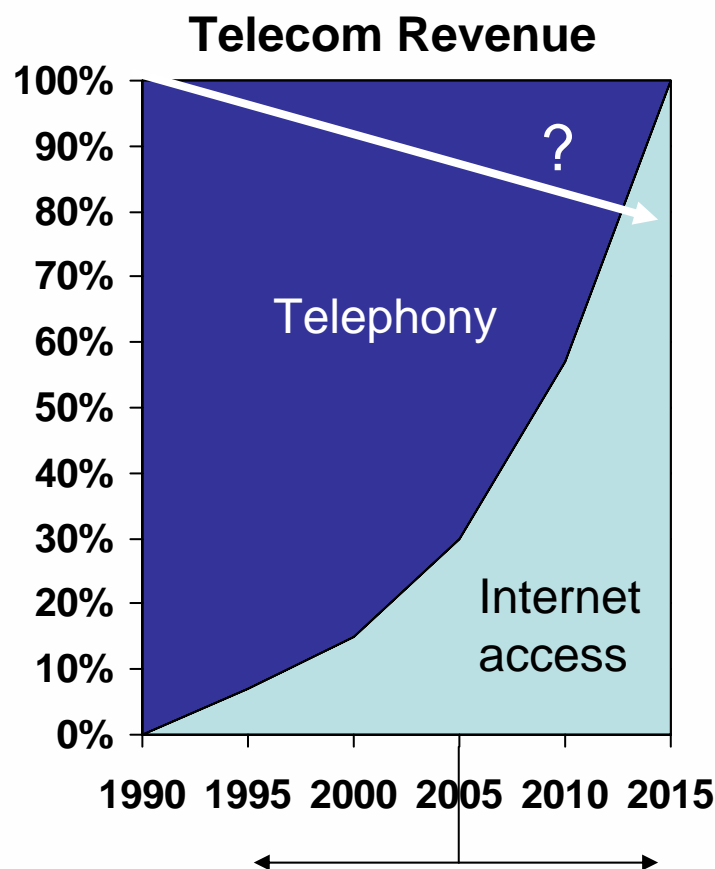


### 3. Telephony is Becoming an App

- Economics
  - Zero customer acquisition costs
  - Zero marginal costs per call minute
  - You can't charge for calls anymore
- Distribution
  - Network independent & worldwide market
- Innovation
  - Software development product cycles, rather than network infrastructure (10 years+)



# Carrier Implications



- VoIP is driving broadband sales
- Operating one network is more cost efficient than one network per service
- Examples:
  - BT 21st Century Network
  - TeliaSonera
  - HGC

# Skype the Company

It's not your average company...



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# Born Global

- We don't have any home market
- Many different nationalities
- We have users in all countries in the world
- 125 employees in 8 countries, rapidly growing
- London: general management, biz dev, marketing, finance, product

