



VoIPeering

VoIPeering Made in China

China's growth has everyone in the world paying attention. The Yuan versus the Dollar; their annual economic growth verses the rest of the world, piracy, human rights, the World Trade Organization and the upcoming Beijing Olympics. China is a big place and it plays a role in just about everything these days, but when it comes to product manufacturing it seems that if the item is plastic and related to technology it comes from China. Just pick up any 10 items in front of you now. If they have a "Made in" label on them the chances are the majority came from China. I am sitting in a hotel room and the TV remote, my VAIO laptop and Blackberry power adapters, the hotel Cat5 cable and my Blackberry battery were all made in China, but my Starbucks cup was made in the USA. Something tells me that China is probably not interested in our cups.



By:
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Of course there are legitimate reasons for this including economies of scale which China clearly has in manufacturing, but what about VoIP? In a recent report from ReportLinker it was noted that China surpassed 100 Billion minutes of VoIP traffic back in September 2006 with a year-over-year growth rate of 11.8%. From the report, "business users view VoIP as an opportunity for combination of voice and data applications rather than lowering their phone costs". This is interesting. Given how the Chinese are able to use technology and mass produce it and its benefits, what will be the impact of all of this VoIP traffic on VoIP peering?

The truth is that it is really not a question of if VoIP peering will happen in China, it already does with many carriers and service providers interconnecting directly using IP and SIP for efficiency, cost savings and application integration. The real question is what will the impact of China's VoIP and VoIP peering growth be on the rest of the world? It is clear that what they produce plays a role in all of our lives every day. The big U.S. wholesalers buy from China because it is cheaper and more efficient - even to import from halfway around the world. So, as carriers and specifically businesses adopt VoIP in China and then move to peered network connections, will that architecture and philosophy be exported to the U.S. and other places around the world?

There are natural cycles to everything and in the case of China there is no real set precedent for this growth. There is no incumbent carrier that is really set up to lose in that situation because so much of the growth is out to people, businesses and places that never had this type of network coverage before. This is quite different than in the U.S. where we have incumbents and their vested interests to contend with. Although many of the major U.S. carriers are already utilizing VoIP peering techniques, their implementations have been mostly internal, but that is changing. As the Chinese carriers bring their traffic and interconnection methods to the U.S. we shall see how that influences others.

The ultimate dramatic shift may come on the business network side of VoIP peering. As Chinese businesses that operate IP wide area networks begin to see the possibilities of peering they should have no barriers, or

misinformation presented to them stating that it can't be done for one reason or another. On the contrary, they will most likely adopt and replicate rather quickly and marginalize all of those that do not follow the same model. This pattern will most likely begin to unfold in the next year or two and it could easily be exported to the Wal-Mart's of the world that already do so much business with the Chinese. VoIP peering is a very logical conclusion for companies that already transact billions of dollars of goods and services. It can be assumed that they call each other frequently and would gain from having data applications integrated in to the voice call so that more information could be shared in the same session. There is also the added security aspect of peering IP applications off of the public Internet.

China is the rising tide at the moment and all boats in the water rise with the tide. It is logical to assume that the long-term benefits of VoIP peering will outweigh the short-term setbacks (if any) and, or any necessary related investments of resources. One thing is certain though, no one can stop the tide. IT

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