

Microsoft Bans VoIP From Its Mobile Marketplace

Ed Sutherland | Wednesday, May 6, 2009 | 1:32 PM PT

Microsoft has banned VoIP applications from its upcoming Windows Mobile Marketplace, according to PCWorld. The blocking move is part of a 12-point restriction on applications sold in the Redmond giant's online marketplace, the opening timed to coincide with the introduction of Windows Mobile 6.5. But is the software giant fighting a rear-guard action against an inevitable future?

Microsoft's decision means VoIP applications, such as Skype, will sell to Windows Mobile users with only Wi-Fi calling available; the action may also head off a confrontation carriers faced when the VoIP application began selling to iPhone users through Apple's App Store. In that case, hackers found a way around AT&T, the iPhone carrier that blocked Skype from its 3G network.

But is Microsoft waging a futile battle? The same day the mobile software maker reportedly decided to ban VoIP from its Windows Mobile marketplace, research firm Gartner said end-to-end mobile IP may account for over half of wireless calls within a decade. Indeed, Gartner researchers see VoIP as "a huge and direct challenge to the \$692.6 billion global mobile voice market."

The key to VoIP's advance is upcoming 4G networks, including WiMAX and LTE. While the economy adds a question mark to the eventual size of the 4G landscape, Gartner believes carriers will embrace 4G out of necessity. With declining voice average revenue per user prompting a search for greater efficiencies, 4G will benefit carriers through reduced network operating costs. Earlier this week, we learned Sprint was mulling the idea of outsourcing its 3G network to save 20 percent on operating expenses.

Although carriers currently have leverage against VoIP on mobile phones, it may not stay that way for long. Google, Yahoo and other portals could account for a third of mobile calls within 10 years, according to Gartner, a trend that recent moves on the part of carriers seems to confirm. Sprint, for example, reportedly wants to refocus on building applications, not maintaining the pipe. Along with an upswing in applications, such as Skype, to make calls, companies not known as telecoms are encroaching on the space once the sole domain of carriers. Apple, for instance, has transformed itself from a computer company to a consumer electronics player with iPhone, an unconventionally designed mobile phone.

Can Microsoft hold back the rising waters threatening to sweep away the familiar carriers? The short-term answer is likely “yes.” However, Skype and other VoIP applications are unlikely to stand still. As we saw with the App Store and RIM, the freely available Skype has tasted telecom blood and Windows Mobile may still be swept aside by a flood of mobile VoIP demand.