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**MORE THAN HALF OF HIGH-TECH HOUSEHOLDS SUBSCRIBING TO AN
INTERNET-BASED PHONE SERVICE HAVE DISCONNECTED THEIR
TRADITIONAL LANDLINE PHONE, ACCORDING TO TELEPHIA**

*Domestic Call Savings and Integration of Communication Services
Drive Consumer Interest in Internet Telephony*

SAN FRANCISCO—September 19, 2005—Telephia, the leading provider of performance measurement information to the mobile industry, reveals that Internet-based telephone service or Internet telephony is replacing traditional landline phone service. Fifty-three percent of high-tech households subscribing to Internet telephony have completely replaced and disconnected their landline phones. Internet telephony is a technology that allows consumers to place telephone calls over the Internet.

According to the Telephia Emerging Personal Communications Options (EPCO) survey, when asked what the primary reasons were for subscribing or having interest in Internet-based telephone service, 59 percent of high-tech households surveyed said savings on calls within the United States was the top factor in making the switch. Among high-tech households surveyed who showed interest in adopting Internet telephony, but have not subscribed to a service, 30 percent noted that bundled package deals were a key reason for their interest. For these ‘intenders,’ interconnectivity across different communication services was also important, with seventeen percent citing the ability to use any device as a big attraction. Fifteen percent noted the ability to switch between telephone networks while 11 percent mentioned caller ID on TV as additional reasons for interest.

“Cost savings and seamless integration of different communication services provide a compelling one-two punch for Internet telephony,” said Kanishka Agarwal, Vice President of New Products, Telephia. “As technologies evolve and consumers are able to use their services across their mobile devices, as well as their TVs and home computers, IP-based services will deliver big returns to the service providers.”

Forty-three percent of high-tech households who continue to use traditional landline phone services, but are interested in adopting Internet-based telephone service, said that availability during a power outage was a reason for not replacing their landline phone service (see Table 1). More than one-third of the respondents also felt that keeping their current phone number was an important reason to stay with their current landline phone, while 31 percent mentioned the ability for 911 to locate the caller in an emergency prevents them from making the switch.

Table 1: Reasons Consumers Do Not Replace Landline Phone Service with Internet-based Phone Service

Why Consumers Do Not Replace Wired Phone Service with VoIP	Percent Share
Availability during power outage	43%
Wanted to keep my current phone number	34%
Ability for 911 to locate me in an emergency	31%
Limited amount of savings over current provider	28%
Uncertainty about how to establish a line	23%
Equipment Expense	22%
Call Quality	21%
Computer Instability	19%
Security/Privacy	16%
Company instability	11%
High Speed Internet connection is unavailable in my area	6%
Other	10%

Source: Telephia EPCO Survey, Q2 2005

**Note: Respondents in the EPCO survey were asked about "Internet-based telephone service (VoIP)" to capture their preferences around Internet telephony. In Table 1, respondents were asked to choose up to three reasons for not replacing landline phone service with Internet telephony.*

***Note: High-tech households are identified as those who currently subscribe to at least three bundled or emerging services (e.g., wireless data, video-on-demand, Internet-based telephony, satellite radio, broadband, DVR, etc.), or expressed an intent to purchase four or more services.*

The Telephia Emerging Personal Communications Options (EPCO) Survey aims to understand the attitudes of high-tech households towards emerging services and bundled offerings, providing integrated insights into household use and preferences across emerging converged landline and wireless phone, Internet telephony, Internet and TV services. Conducted in Q2 2005, the survey consisted of a panel of 23,000 household decision-makers, providing key metrics at the local level including share-of-households, share-of-wallet, awareness, interest, and intent-to-purchase. Detailed findings on 6,500 high-tech households revealed additional insight into customer preferences around emerging services like Internet telephony and bundled offerings.

About Telephia

Founded in 1999, Telephia provides syndicated performance measurement information to the leaders of the mobile industry. Telephia serves more than 50 mobile industry clients, including carriers, device manufactures, content and application providers, retailers, infrastructure vendors and investment analysts. Telephia is the industry standard measure of subscriber share, customer satisfaction, device share, network quality, revenue share, advertising effectiveness, content audience and many other key performance indicators. Telephia helps clients use information to

drive superior business results by providing high-quality measurement products and integrated analysis.

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