

THE INTERNET

THE GOOD OLD TELEPHONE BECOMES A HOT NEW WEB TOOL

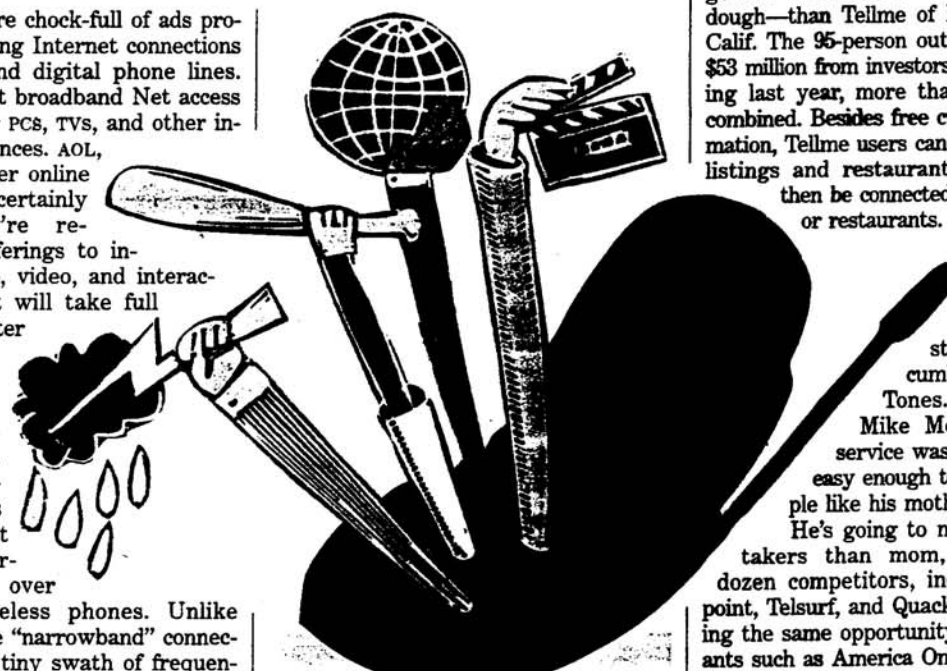
Requiring no PC, "narrowband" access takes off

The papers are chock-full of ads promoting blazing Internet connections via cable and digital phone lines. No question that broadband Net access is the future for PCs, TVs, and other information appliances. AOL, Yahoo!, and other online companies are certainly believers—they're re-tooling their offerings to include rich audio, video, and interactive media that will take full advantage of fatter Net pipes.

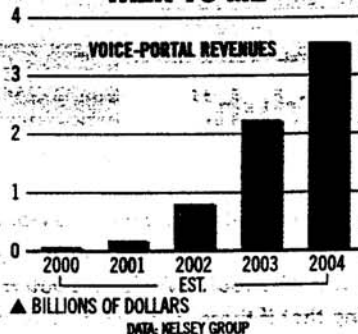
But the plain old telephone is making a surprise comeback. A growing number of companies are rolling out Net-access services that work over wired and wireless phones. Unlike broadband, these "narrowband" connections use just a tiny swath of frequencies to deliver a mere trickle of data—but it's really useful data. Take the service launched on Apr. 10 by startup Tellme Networks Inc. With a single phone call to a toll-free number, users can receive customized information off the Net, including headlines, sports scores, traffic reports, horoscopes, and weather forecasts, delivered in a surprisingly pleasant digital voice. Sure, it's not the same as careening through colorful Web pages—but when you're behind the wheel of a car, it may be all you need.

INVESTMENT BOOM. Because narrowband connections are cheap and ubiquitous, they could quickly become the most popular route to the Net. Researcher International Data Corp. estimates that by 2004, some 600 million people worldwide will hook up to the Net via PCs, but 1.4 billion will connect through cell phones. Another 1.4 billion will get on through wired phones. What's more, services such as Tellme are so easy to use that they could open up the Net to billions of new customers. "This is the second coming of the Internet," gushes IDC analyst Iain Gillott.

Those kinds of sentiments are driving



TALK TO ME



an explosion of investment in narrowband Web. Dozens of companies, from Oracle to IBM to Amazon.com to E*Trade, have rolled out wireless services and technologies over the past few months to grab people on the go. The opportunity is huge: IDC figures that 98% of the 540 million cell phones sold in 2003 will be able to receive and display data such as stock quotes, driving directions, and e-mail. At the same time, startups such as Tellme are taking aim at an even more prosaic type of information delivery, so-called voice por-

tals, accessed by phone, that let the billions of folks who don't own PCs get audible information culled from the Net. "Suddenly, narrowband is cool," says analyst Mark A. Plakias of researcher Kelsey Group, who predicts voice portals will generate \$4.6 billion in advertising and transaction revenues by 2005. **SPEAK YOUR MIND.** No voice startup has gotten more buzz—or raised more dough—than Tellme of Mountain View, Calif. The 95-person outfit has received \$53 million from investors since its founding last year, more than all its rivals combined. Besides free customized information, Tellme users can get local movie listings and restaurant reviews—and then be connected to the theaters or restaurants. To navigate the system, callers speak commands into the phone instead of entering cumbersome Touch-Tones. Tellme CEO Mike McCue says the service was designed to be easy enough to appeal to people like his mother.

He's going to need a lot more takers than mom, though. Two dozen competitors, including Audiopoint, Telsurf, and Quack.com, are chasing the same opportunity, while Net giants such as America Online and Yahoo! have yet to weigh in. To stay above the fray, some startups are taking different tacks. Menlo Park (Calif.)-based eVoice Inc. is offering free voice-mail service as a carrot for users, who can then jump to other audible online services. "We want to be like AOL—start with us and then go off to the rest of the voice Web," says President Bruce Crair. General Magic, Onebox.com, and Shoutmail.com are taking similar approaches.

The flurry of startup activity could be short-lived. Jupiter Communications Inc. analyst Seamus McAteer figures a lot of the voice portals will be gobbled up by marquee Web companies that see speech as another channel for reaching users. Yahoo and its ilk "have already established customer relationships and access to a lot of Web content," he says. Analysts also wonder whether an advertising-supported model can sustain these startups. With so many other sources of instant information—and so many other places for advertisers to spend their money—voice portals could be one option too many. Just don't tell that to Mike McCue's mother.

By Andy Reinhardt
in San Mateo, Calif.