# EXHIBIT 9 TO DECLARATION OF MATTHEW FISCHER



# Apple, Google make it easier to subscribe to digital media

Updated 1h 25m ago |

By Scott Martin, USA TODAY

Apple and Google are making it easier for consumers to subscribe to digital media on an array of devices.

The companies launched rival services this week that allow publishers to set terms and billing for content selected and distributed in apps — as long as Apple and Google can grab a piece of the revenue that's generated.

Apple's subscription billing service, announced Tuesday, lets publishers of magazines, newspapers, music and video set terms and prices for content chosen from the App Store. This à la carte deal promises readers access to subscriptions that they purchase on iTunes, no matter which of their devices are used — the iPad, iPhone or iPod Touch.

Google unveiled its One Pass subscription publishing service a day later, making digital content available across tablets, smartphones and websites — presumably a boost to Android-based devices. The company plans to take 10% from publishers.

In the past, many consumers had to subscribe to content on a publisher's website. Some publishers bristled at Apple's announced plan to take a 30% cut from publisher subscriptions initiated inside apps, calling that too steep. But other publishers are biting on the deal. "The No. 1 complaint we get from our customers is that they want to subscribe via the iPad," said Sara Öhrvall, director of research and development at Bonnier, publisher of *Popular Science*, which has signed on. Fashion glossy *Elle* has also taken the digital catwalk.

Bonnier plans to launch many of its 60 U.S. magazines on Apple's App Store platform and Google's One Pass. "Meanwhile, we will discuss the terms with Apple about the revenue share," Öhrvall said.

Apple spokeswoman Trudy Muller declined to comment as to whether the revenue-sharing terms are negotiable. "Our philosophy is simple," said Apple CEO Steve Jobs. "When Apple brings a new subscriber to the app, Apple earns a 30% share. When the publisher brings an existing or new subscriber to the app, the publisher keeps 100% and Apple earns nothing."



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The timing of the two digital offers comes amid growing rivalry between the Silicon Valley giants over everything from operating systems and mobile advertising to talent. "That was a coincidence," said London-based Madhav Chinnappa, Google's head of news partnerships. "Obviously, we don't know what Apple is doing."

Rhapsody President Jon Irwin said the arrangement with Apple is "economically untenable." Rhapsody, whose business operates on razor-thin margins, is considering leaving the App Store. Rival music services Mog, based in Berkeley, Calif., and Stockholm-based Spotify declined to comment.

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#### February 16, 2011

Issue DAILY

Section: Main (A Section)

Apple to offer subscription service via App Store

- Hayley Tsukayama

**Apple** announced Tuesday that it will begin taking subscriptions through its **App Store** for "all publishers of content-based apps."

**Apple** is using the same deal it has for the Daily - it will take 30 percent of subscription revenue for purchases through the **App Store**. However, if a publisher brings the subscriber to the app through its Web site or by other means, the publisher gets 100 percent of the subscription money.

Apple to offer subscriptions via App Store

There's also a lot of complicated negotiation between what publishers and subscribers can do within an app and outside an app, but the gist of **Apple**'s system is that a subscriber should have equal access to non-app subscription features through a given app.

According to **Apple**'s news release, subscribers can pick the length of a subscription as determined by the publisher (weekly, monthly, etc.) and manage subscriptions from a central list. Publishers are not allowed to offer outside (non-**Apple**) subscription deals from within an app and must provide their own system of authentication to let current subscribers take advantage of in-app features.

Publishers are required to offer any outside subscription deals to app subscribers at the same price or less.

Addressing privacy concerns, **Apple** will offer subscribers the option of choosing whether to release their information to a publisher when purchasing an app. The way that information is used is governed by the publisher's privacy policy.

- Hayley Tsukayama

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The Gadget Q&A

#### iPhone 4 or Android?

Now that you have more choices, which should you choose? Here's a quick guide to help you narrow it down.

By Eric Gwinn, Tribune Newspapers

February 11, 2011

This article was updated at 1:25 p.m. Tuesday, Feb. 15, to correct the spelling of Sara Zailskas' name and to clarify that Google Calendar is used as an example of integration.

With iPhone 4's arrival on Verizon Wireless' network, maybe you're thinking about switching phones. Maybe you're an Android user who's finally ready to take a bite of the Apple, now that there's an alternative to AT&T. Or perhaps you're through with the iPhone and want something you can completely customize to your life. How do you choose between the two hottest phone platforms?

iPhone 4 is simplicity. Android phones are a tweaker's paradise. Of course, the iPhone can be tweaked and an

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Android can be simple to use, but on the whole, the iPhone is for folks who don't want to mess with a whole bunch of settings, and an Android phone is for those who do.

#### Android to iPhone iOS4

**Why**: The iTunes App Store is bigger, more varied, better organized and has vetted apps. App-makers usually develop for the iPhone first, Android phones second. If you have a \$99 Apple TV, you can easily watch your iTunes movie rentals and purchases on your TV. Those are some of the reasons iPhone owners don't feel phone envy, unlike Android owners who see improved models coming out every other month.

**The killer app**: The iTunes App Store plus Apple TV will change your life. The breadth and depth of games, photo-editing tools, travel helpers, dinner planners, car mechanic finders and more available at the touch of a virtual button will make getting through each day easier. As the old ad said, "There's an app for that." Add an Apple TV, and you might start thinking seriously about dropping your cable company.

#### iPhone to an Android

**Why**: The Android operating system seems to do things faster than the iPhone's OS, and Google's Web applications are integrated with your phone. So, while an iPhone lets you get your Gmail message with the address of tonight's party, on an Android phone you tap that message to get a map to the soiree.

**The killer app**: The \$2.99 iSyncr app lets you drag your iTunes music library to your phone (sorry, no movies or podcasts), as long as the songs were bought after September 2009 (when Apple stopped using copy-protection software on all its songs or pre-2009 iTunes Plus songs). So no worries about losing your iTunes music.

Everyone will find something to love about an Android phone (Yeah! It uses a micro-USB cable to connect to my computer, instead of a proprietary 30-pin connector) and the iPhone 4 (Wow! It's so sexy!). Similarly, everyone will find something to gripe about (Boo! Android phones seem built for power users only. Yuck! By approving what's available in the App Store, Apple is deciding what I can and can't have).

But now that the iPhone is available from more than one carrier, and given the growing love affair with the Android platform—it had the fastest-selling phones last year—there are more choices for everybody. And that's a good thing. You just have to decide if you're a power user (Android) or a just ready to grab and go (iPhone).

Once you've made your decision, there's no need to look back. Just ask Verizon Wireless customer Sara Zelinski, who bought an Android-powered Droid 2 last year, before Apple confirmed the iPhone 4 would be available on that carrier: "I realize now I was missing out more just by not having a smart phone—not just an iPhone—and now that that problem's solved, life is good."

Do you have a tech question? Send a note to Eric Gwinn at <a href="mailto:egwinn@tribune.com">egwinn@tribune.com</a>. Be sure to include your name, location and a way to reach you if we need more information—and your question, of course.

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2/7/11 NPR All Things Considered (Pg. Unavail. Online) 2011 WLNR 2470905

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#### **February 7, 2011**

iPad Storybook Apps And The Kids Who Love Them

MELISSA BLOCK, host:

OK. It's time now for a bedtime story. So let's curl up and get out the iPad. Children's book apps are big sellers for the iPad. They include not only text, but also audio and games. And for tech writer and dad, Omar Gallaga, the apps are transforming bedtime.

OMAR GALLAGA: What do you want to read?

Ms. LILLY GALLAGA: Let's see what we have.

GALLAGA: Scoot over.

It's bedtime for my 3-year-old daughter, Lilly. She climbs into her little twin-size bed with <u>Tinkerbell</u> sheets covered with dolls and stuffed animals. We're about to choose tonight's bedtime stories as she gets settled in.

All right, do you want regular books tonight or iPad?

Ms. GALLAGA: IPad.

GALLAGA: In November, I started reviewing children's iPad apps for Kirkus Reviews. Lilly is my review partner. We've gone through 50 apps in two months. Like much of the **Apple App Store**, the quality of what's available runs the gamut from crude cash-ins with ugly illustrations, barely worth the 99-cent price tag, to lavish productions with top-notch voice talent and 3-D pages. The priciest can cost up to \$10.

What's that one?

Ms. GALLAGA: "Alice in Wonderland."

GALLAGA: What's that?

Ms. GALLAGA: Teddy.

GALLAGA: What's this one?

Ms. GALLAGA: "Jack and the Beanstalk."

GALLAGA: Lilly doesn't know how to use the Internet or a computer mouse, but she can easily navigate the iPad's touch screen. Her small hands flip past pages of apps, and she taps a finger on the ones she wants.

(Soundbite of iPad app)

Unidentified Woman #1: (As Narrator) Once upon a time there was a man and a woman.

GALLAGA: Lilly is in her princess phase and is obsessed with not one but two apps that tell the tale of Rapunzel. The first is a straightforward storybook with narration, colorful, hand-drawn illustrations and numerous hidden sound effects and animations that you can activate by pressing parts of the screen.

(Soundbite of "Rapunzel" app)

(Soundbite of sound effect)

(Soundbite of laughter)

Ms. GALLAGA: The kitty goes meow.

GALLAGA: Yeah.

(Soundbite of sound effect)

Ms. GALLAGA: And then the duck goes ah, ah.

GALLAGA: The second is a pop-up book that asks the reader to complete small challenges before Rapunzel can meet and fall in love with her prince.

(Soundbite of "Rapunzel" app)

Unidentified Woman #2: Shake the trees by tapping them to collect some apples.

GALLAGA: She's not as crazy about some of the apps I've given high marks to, like PopOut! The Tale of Peter Rabbit, where the characters don't just appear; they giggle and wiggle on virtual springs. Lilly pokes them to make them speak, or slides what look like tabs in a paper pop-up book to make Peter squeeze under a fence or to make Mr. McGregor chase the rabbit with a rake.

(Soundbite of "Jack and the Beanstalk" app)

Unidentified Man #1: (As Narrator) Once upon a time there was a young boy named Jack.

GALLAGA: The apps we both love tend to build upon traditional works to create something even better - like Ayars Animation's "Jack and the Beanstalk," a great app that features voice acting, hidden sound effects and original music.



1/25/11 San Jose Mercury News 1D 2011 WLNR 1545072

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January 25, 2011

Section: Business

#### APP STORE NO FLY-BY-NIGHT FAD, PAPER AIRPLANE GAME ILLUSTRATES

Patrick May, pmay@mercurynews.com

He's the Ten-Billionth-App Man.

After an illustrious career in copywriting, creative design and developing online games (you all remember "Bikini Bounce," don't you?), Oli Christie got the phone call this weekend that every app creator dreams of getting.

"I'd just put my kids to bed and went to check my phone for e-mails and I saw this missed call from America," said Christie, who runs his fledgling app-game design business near Oxford, England. "Then I saw the text that said 'Mr. Christie, I'm with **Apple** in Cupertino. Can you call me? I have some good news to share with you."

Like millions of **Apple** fans around the globe, Christie had been watching the digital counter on the tech giant's website spinning like crazy the past few weeks, quickly closing in on the 10 billionth app downloaded from **Apple**'s **App Store**. His free "Paper Glider" app lets users earn points by flicking a paper airplane on the iPhone's screen and sending it flying through an office, out the window and over yawning landscapes. It had skyrocketed in recent weeks to the top of the charts in the U.K. and to second place in the United States, but Christie never thought it would become a historical marker for the apps phenomenon.

"My heart was going pitter-patter," Christie said. At first he thought he'd maybe won the \$10,000 iTunes gift card that **Apple** had promised to give the lucky person who downloaded the milestone app. "But then she said, 'the winning app was your "Paper Glider," and I laughed out loud."

The \$10,000 went to another Brit, Gail Davis, who after her teenage daughters had downloaded Christie's app also got a congratulatory call from **Apple**. After initially hanging up on what she thought was a prankster, Davis got in touch with **Apple** at her kids' urging and eventually collected her prize.

Christie didn't get a gift card. But he did get instant fame and calls from reporters around the world, not to mention the predictable boost in downloads that invariably follows publicity around these mind-boggling benchmarks.

From the day it opened for business in mid-2008, through the one-billionth download in April 2009 to the five-billionth last June, **Apple** has been on app-downloading fire. In a news release referring to the "more than 10 billion

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apps downloaded in just two and a half years" and the "staggering seven billion apps" downloaded in the past 12 months, **Apple** quoted its marketing chief, Philip Schiller, as saying "the **App Store** has surpassed our wildest dreams."

Analyst Rajeev Chand, who covers the mobile industry for investment banking firm Rutberg, said the 10 billion mark truly is a milestone **Apple** can be proud of, even if the "abandon rate" of apps among jaded downloaders after 30 days has been estimated by some to be as high as 50 percent.

"Apple has revolutionized the way consumers and enterprises are using these mobile devices," he said. "And that, in turn has led to more innovation in this mobile-app ecosystem. But we would clearly argue that the unforeseen opportunities that lie ahead are even greater.

"What we've seen so far," said Chand, "has merely been a dress rehearsal for what's coming."

The starring role that "Paper Glider" played this week underscores the searing pace of innovation in the app universe, as well as the seemingly insatiable appetite smartphone and tablet users have for the more than 350,000 cutting-edge tools and time-sucking games now available at the **App Store**. iPhone, iPod touch and iPad users in 90 countries around the world have been scarfing up games, as well as business, news and travel apps, just as quickly as developers can come up with them.

Just last week, said Christie, about 380,000 people a day were downloading "Paper Glider." And this despite the fact that user reviews at the **App Store** called the game "boring" and "Lame."

Not bad for an app that Christie's company, Neon Play, whose six apps have been downloaded a total of 6.2 million times, launched only last month. "It never crossed our minds that the 10-billionth would be one of our games," said Christie. "Watching that counter tick upwards every day like crazy, we never imagined it would be us. This was the biggest stroke of luck ever."

Contact Patrick May at 408-920-5689.

EDITION: Valley Final

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## Apple app store reaches 10 billion downloads



By Dan Whitworth Newsbeat technology reporter

The 10 billionth download has been made from Apple's app store, the company has announced.

The world's largest technology firm reached the milestone on Saturday night (22 January).

The downloaded game was a free app called Paper Glider, developed by British company Neon Play, where users control a paper aeroplane.



The Apple iPhone has helped contribute to 10 billion app downloads

Of all the millions of Apple users from around the world, it was downloaded by Gail Davis from Orpington in Kent.

She told the BBC: "I have to confess it wasn't actually my download, it was my daughter's.

"I had no idea, when Apple called me. I thought it was a prank call and I declined to take it."

But after speaking to her daughters she found out they'd downloaded the game and realised she'd made a mistake.

"I had a moment of blind panic but thankfully Apple called me back.

"They said it's not a joke and you are the winner."

As the app store account holder Gail is being given an iTunes gift card worth more than £6,200 (\$10,000).

#### **Growing Competition**

It's taken just two and a half years for the app store to reach 10 billion downloads.

Apple says seven billion of those have come in the last 12 months.

There are 350,000 apps available to more 160 million iPhone, iPod touch and iPad users in 90 countries around the world.

But Apple is facing growing competition.

In the mobile phone market Google's Android and RIM's (the makers of Blackberry) operating systems have a greater share than Apple's.

The company's iPad is also facing a much tougher market than when it launched last year.

At the recent Consumer Electronics Show in Las Vegas around 80 new tablet PCs were unveiled.

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Day

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## The Telegraph

## Apple's App store hits 10 billionth download

Paper Glider, made by UK developer Neon Play, is Apple's 10 billionth app downloaded



Paper Glider, by Neon Play, was the 10 billionth app downloaded from Apple's App Store



By Matt Warman (http://www.telegraph.co.uk/journalists/matt-warman/) , Consumer Technology Editor 11:05AM GMT 24 Jan 2011

Apple has announced that its App Store has now hit 10 billion downloads since it launched in July 2008. Paper Glider, made by Cirencester-based iPhone App developer Neon Play was downloaded by Gail Davis from Orpington in Kent. She was rewarded with a \$10,000 (£6,250) Apple gift card.

Apps have found remarkable popularity among users of all Apple's 160 million compatible devices, with Facebook's free app the most popular. Gaming, however, has become a mainstay thanks to the iPhone and IPod's sensitive touchscreens. Of the top 10 paid-for apps, nine are currently games, and Doodle Jump is the most popular paid iPhone app of all time.

Paper Glider, which Ms Davis told the BBC her daughters had downloaded without telling her, requires users simply to swipe across the screen to 'throw' a paper aeroplane out of an office window and through various environments. Apple has called it 'the most addictive paper flying game ever'.

It took the App store 11 months to reach its first billion downloads, but accelerated growth saw it reach 3 billion by January 2010, and 10 billion just a year later. Users of the iPhone, iPod Touch and iPad can all download apps.

Philip Schiller, Apple's senior vice president of Worldwide Product Marketing, said: 'With more than 10 billion apps downloaded in just two and a half years, a staggering seven billion apps in the last year alone, the App Store has surpassed our wildest dreams.'

Apple: The 10 most popular free and paid apps (http://www.telegraph.co.uk/technology/apple/8278380/Apple-The-10-most-popular-free-and-paid-apps.html)

Apple App Store: Its rapid success (http://www.telegraph.co.uk/technology/apple/8278554/Apple-App-Store-Its-rapid-success.html)

Apps appeal: the revolution has only just begun (http://www.telegraph.co.uk/technology/8278738/Apps-appeal-the-revolution-has-only-just-begun.html)

Oli Christie, chief executive officer at Neon Play, said his company had been "been eagerly discussing the 10 billion app countdown in our game studio, so when I got a call from Apple Cupertino saying they had some "good news", I thought they might tell us they were featuring one of our apps on the App Store. When they said that Neon Play's Paper Glider was the 10 billionth app, I was completely and utterly dumbstruck. It's a great piece of news for the whole Neon Play team. Paper Glider is currently the number one app in the UK, so this is a double piece of great news for our studio."

Apps allow users to customise their devices; prices range from free to typically a few pounds or less.

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January 23, 2011 Sunday 12:00 PM EST

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**HEADLINE:** The Hugeness Of 10 Billion Apps (AAPL)

BYLINE: Matt Rosoff

**BODY:** 

Jan. 23, 2011 (The Business Insider delivered by Newstex) --

Apple announced yesterday that more than 10 billion iPhone and iPad apps have now been downloaded from the App Store.

With such big numbers routinely thrown around in finance, it's easy to lose track of what an impressive feat that actually is for a consumer products company.

#### Here's what 10,000,000,000 actually means:

Each of Apple's 160 million iPhone and iPad customers has downloaded an average of 62.5 apps. That's an average of 18 million apps per day -- or 206 apps per second -- since the store launched on July 10, 2008. That's more than the total number of personal computers sold -- ever. (Total PC sales for 2010 were around 350 million. At that rate, it will take more than 28 years to reach 10 billion sold. And sales rates were much lower when the PC market started in the 1980s.) If you made a stack of 10 billion iPhone 4s, it would be 58,396 miles high -- about a quarter of the distance to the moon.

Apple also revealed that the total number of apps now available is 350,000, with 60,000 dedicated iPad apps. Now, take a look at the most popular free iPhone apps of all time?'

Join the conversation about this story »

#### See Also:

The 10 Most Downloaded Free iPad Apps Of All TimeThe Top 10 Paid iPhone Apps Of All TimeThe Top 10 Paid iPad Apps Of All Time

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International Business Times News

January 23, 2011 Sunday 6:39 PM EST

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**HEADLINE:** Apple announce App store downloads reaches 10 billion

#### **BODY:**

Jan. 23, 2011 (International Business Times News delivered by Newstex) --

Apple has announced that download from its iconic App store breached 10 billion apps by the more than 160 million iPhone, iPod touch and iPad users across the globe. The 10 billionth app downloaded, Paper Glider, was purchased by Gail Davis of Orpington, Kent, UK. As the winner of the App Store Countdown to 10 Billion Apps, Gail Davis will receive a \$10,000 iTunes Gift Card.

"With more than 10 billion apps downloaded in just two and a half years-a staggering seven billion apps in the last year alone-the App Store has surpassed our wildest dreams," said Philip Schiller, Apple's senior vice president of Worldwide Product Marketing. "The App Store has revolutionized how software is created, distributed, discovered and sold. While others try to copy the App Store, it continues to offer developers and customers the most innovative experience on the planet."

The revolutionary App Store offers more than 350,000 apps to iPhone, iPod touch and iPad users in 90 countries around the world, with more than 60,000 native iPad apps available. App Store customers can choose from an incredible range of apps in 20 categories, including games, business, news, sports, health, reference and travel.

Apple designs Macs, the best personal computers in the world, along with OS X, iLife, iWork, and professional software. Apple leads the digital music revolution with its iPods and iTunes online store. Apple is reinventing the mobile phone with its revolutionary iPhone and App Store, and has recently introduced its magical iPad which is defining the future of mobile media and computing devices.

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9/16/10 USA TODAY 1B 2010 WLNR 18349516

#### USA Today (USA) Copyright 2010 USA TODAY

September 16, 2010

Section: MONEY

There 's a fund for that App developers can dip into iFund 's \$200 million pool

Jefferson Graham

PALO ALTO, Calif.

PALO ALTO, Calif. -- Silicon Valley investor Matt Murphy is out to find the next great opportunity in mobile consumer technology. And he has \$200 million at his disposal to pay for it.

Murphy is the managing partner of the iFund, an investment capital fund devoted to apps for the iPhone, iPod Touch and iPad at venture-capital firm Kleiner Perkins Caulfield & Byers. Murphy spends each day scouring the Internet, networking and keeping his radar on alert for any cool new app that just might do for mobile what Google and Amazon (two earlier Kleiner investments) have done for the Web.

Launched in March 2008, the iFund's success so far is "way beyond" original projections, Murphy says.

There are 14 companies in the portfolio, including Flipboard, the "social magazine" for the iPad, and Shopkick, an app that offers up instant discounts when you walk into retailers including Best Buy and Macy's. Five companies in the fund are profitable, Murphy says, and total revenue generated so far in 2010 exceeds \$100 million. That figure does not include the iFund's Zynga, maker of the game FarmVille, which generates most of its revenue from Facebook. (The iFund invested in Zynga for mobile.)

"The iFund was started to say, 'There's this new platform in mobile, and it's going to be a really big deal,' " Murphy says. "There's a ready-made financial ecosystem, and we're convinced we'll make a lot of money from it."

None of his companies has hit the jackpot in terms of a big buyout by a bigger company, often the goal for start-ups and their investors. But Disney's recent purchase of appmaker Tapulous for an undisclosed sum is proof that big firms have their eyes on mobile, Murphy says.

"I'd be surprised if we don't sell one in the next few months," he says. "At the same time, if you project forward two to three years, these companies will be much more valuable."

9/16/10 USATD 1B Page 2

While competitor Google's Android mobile platform is starting to catch up, the biggest audience for advanced mobile apps continues to be with Apple, which has sold some 120 million mobile devices.

Greg Joswiak, vice president of marketing for Apple, says that when the iFund was announced, Apple had sold just 5 million iPhones, and no apps had yet been created. Kleiner "had the foresight to see this massive opportunity. It's easy to see now, but the fact is, they saw something big was coming and acted on it."

The 250,000 apps in Apple's App Store will generate nearly \$2 billion in revenue this year, growing to \$3 billion in 2011, says Piper Jaffray analyst Gene Munster. "If you look at the next decade, the concept of a mobile app will be the equivalent of what software was 20 years ago," Munster says. "Computing is moving to mobile. Apps are the software of the future."

Indeed, BlackBerry maker Research In Motion has a similar fund with several partners which invests in apps for its BlackBerry smartphones. Beyond that, "Every VC (venture capitalist) is trying to figure out how to participate in what appears to be the biggest megatrend over the next 10 years," Murphy says.

Hotbed for mobile creativity

The iFund began shortly after the iPhone was announced, to help encourage developers to create apps for Apple's hot new gadget. The tech community long had talked about mobile as "next year's revolution," says Cyriac Roeding, CEO of Shopkick. "A lot of people thought, 'OK, I've heard this a million times.' But Kleiner was right."

Now, Roeding says, the center of the mobile universe is in and around Palo Alto -- not far from the corporate homes of Apple and Google -- rather than Europe and Asia (home to Nokia, <u>Samsung</u> and other phone manufacturers).

When Murphy invests in companies, he generally insists they open a headquarters in Palo Alto, perhaps best known as home to <u>Stanford University</u>, the birthplace of Google. Palo Alto has access to great engineers who like the mild weather and collegiate atmosphere of the University Avenue shopping district, Murphy says. Three of his iFund companies are right off University Avenue.

"We don't want to be more than biking distance from Stanford," says Soujanya Bhumkar, CEO of Cooliris, an iFund-backed company whose apps offer visual search tools.

The iFund was originally budgeted at \$100 million, but Kleiner expanded it to \$200 million in March to embrace iPad app development. Murphy has about \$85 million left to invest. When he helps to seed a company, he generally puts in \$8 million to \$10 million over the life of the investment -- giving Kleiner Perkins about a third of ownership.

In accepting start-ups for the iFund, Murphy says, he wants "big ideas" that can be turned into companies. "If you think you're going to have one great hit app, you should do it on your own," Murphy says. "But if you're looking to build a big company, come to us."

Developers have many ways to fund their work -- personal bank accounts, friends and family, or seeking investment from other venture-capital firms. Most Apple app development is self-financed, says analyst Munster, with the average developer generating revenue of around \$40,000 yearly for their wares.

In the club

It's not easy getting into the iFund. So far, only 14 companies have been accepted out of 6,000 submissions.

One big advantage to joining the winner's circle: Beyond the money, you get to be in the know. The CEOs in the portfolio all get together often to keep abreast of changes in the market.

"These are people who are very focused on one domain, and that's it: mobile," says Scott Lahman, CEO of portfolio company Gogii, which offers a free texting app for Apple's mobile devices. "I can reach out to them any time of day or night if I have a question or want to compare notes."

Beyond regular meet-and-greets, Murphy keeps the members abreast of industry trends via e-mail. Murphy, 43, sits on the board of most of the portfolio companies. He joined Kleiner in 1989 after getting his Stanford MBA.

Murphy manages the iFund in collaboration with other Kleiner partners. It is one of four areas of investments that Kleiner focuses on. The others: green tech, life sciences, information technology.

Entrepreneur Mike McCue has been involved with Kleiner Perkins for more than 15 years. He formed a company, Tellme Networks, in the late 1990s that brought audio search to mobile. It was funded by Kleiner and later sold to Microsoft.

For the funding of his latest venture, Flipboard, he returned to Kleiner, but this time as part of the iFund.

"With Tellme, we were part of the general fund, but it wasn't the same sort of camaraderie of companies all trying to do the same thing," McCue says. "This is more focused and specific about what it means to build apps for the iPhone and iPad."

Being a member of the iFund, and therefore a Kleiner Perkins-backed company, opens doors.

When Roeding came up with his idea for a shopping app, he not only received funding from Kleiner Perkins but also an introduction to executives at the nation's largest electronics retailer, Best Buy.

"Guess who Shopkick's first launch partner became?" Roeding wrote on the Quora social question-and-answer blog. "Yes, it took a lot of meetings and convincing after the first introduction, but without KP, the door probably would not have been opened."

Kleiner Perkins calls Apple a "partner" with the iFund. There's clearly a close relationship there. In announcing the fund at an Apple event, CEO Steve Jobs greeted Kleiner partner John Doerr with a big on-stage hug -- a photo that's prominently displayed on the Kleiner Perkins website. On the iFund section of the website, Kleiner says Apple provides "market insight and support."

Murphy often sets up meetings between iFund CEOs and Apple's developer relations team, but Flipboard CEO McCue says iFund members don't get access to privileged information.

"Kleiner just helps connect the dots," he says. "The developer relations team will talk to any developer."

Apple's Joswiak says iFund developers don't get treated any differently from developers who don't have Apple connections. "Everyone is on the same level playing field," he says.

Still, Roeding says the connection doesn't hurt. "They're friends with Apple," he says. "And being friends with Apple is not a bad thing."

Of the relationship with Apple, Murphy likens it to the old Batman comic book and the police commissioner's pri-

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vate hotline to the superhero.

"We can call Apple and say, 'Hey, we'd like you to take a look at this company,' but it also works both ways."

Apple recommended the music app <u>Shazam</u> to Kleiner. And the iFund's next, still unannounced, new company came direct from Apple CEO Jobs, who sent an e-mail to Kleiner suggesting an investment, Murphy says.

The iFund specializes in Apple mobile devices, but that's not to say it won't invest in companies making programs for the competing Android platform from Google, says Murphy. However, if someone pitched Murphy on an app made only for the Android, he says it "wouldn't pass the IQ test because the iPhone platform is too big. I'd convince them it should be on both platforms."

Owners of Apple devices "are more active and spend more," Murphy says. "That gap will eventually close, but it will take some time."

Murphy should know. He spends so much time on iTunes checking out the chart rankings of his iFund companies, "I am probably the most active person on the App Store," he says. Apple's charts are updated often, and he can't resist taking one more peek. "It's like watching the stock market," he says.

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## **Mobile Apps Market Scales Up From Zero To Billions**

by WENDY KAUFMAN



Enlarge

Screengrab via Apple.com

Roughly 3 billion apps have been downloaded for Apple's devices. Analysts say Apple has helped expand the app economy from a market offering free apps into one with annual revenues of up to \$6 billion.

April 13, 2010

text size A A A

Apps are now big business.

Three years ago the industry barely existed. But recent studies suggest the app economy is growing rapidly and could top \$20 billion — the amount Americans spend on children's clothing — in just a couple of years.

Roughly 3 billion apps have been downloaded for Apple's iPhone, iPod Touch and iPad.

Greg Anderson, a senior software analyst at *The Seattle Times*, creates apps for mobile devices. He's also an independent app developer.

"You know, when Apple recognizes you or when you get up in the morning and you see all the downloads, it's like Christmas everyday," Anderson says. "It's like caffeine because people appreciate what you've done, so you want to do more."

#### The Advantage Of Free Apps

Anderson's new app, which converts Celsius temperatures into Fahrenheit, can be downloaded free. That means he's not making a penny from this app.

"I think every developer will tell you — you'll get 10 to 15 times more downloads for free than if it costs money," Anderson explains.

Roughly 80 percent of all apps are free. Many of the rest cost just 99 cents.

So how did a market, which focuses on free and almost-free apps, grow into an industry with annual revenues of \$5 billion to \$6 billion? Analyst Chetan Sharma offers a one-word explanation: Apple.

"Apple really changed the game in many ways. They made it very simple for developers to get their application to the App Store in front of the consumers," Sharma says.

And once it was easier, faster and more lucrative to develop apps and sell them, more developers began to create them. The promise of a digital Swiss army knife became a reality.

But making money from apps is another story.

Charles Golvin, a senior analyst at Forrester Research, says developers who sell millions of their apps — even for a tiny price — can turn a profit.

"It could be someone as big as Electronic Arts, the largest gaming publisher, or could be two guys in a garage," Golvin says.

And the guys in the garage who are giving their app away free may be hoping to eventually sell a premium version — or sell something that goes with it.

Developers typically get 70 cents of every dollar spent to download their app. Golvin says the platform provider — like Apple — gets the rest. And then there's a separate stream of revenue from advertising.

#### **Advertising Dollars**

Developers get most of the advertising dollars, but companies that that serve up ads make money as well. Zumobi, a Seattle-based company, creates apps and places advertisements to go with them.

"We have several apps coming out focused on the female demographic, parents, [and] that audience is obviously very attractive to advertisers," says John SanGiovanni, a co-founder of Zumobi.

The company often partners with big content providers like NBC and *Motor Trend*.

Ken Willner, Zumobi's chief executive officer, suggests that being big in the app industry has some advantages.

"As a publishing network, we can cross-promote aggressively all of our applications," Willner says. "For example, you've downloaded our Motor Trend App; we will also suggest our NASCAR app — very, very big advantage and frankly something the two guys in the garage can't take advantage of."

As the number of apps has exploded, it's becoming more difficult for small guys to get noticed.

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#### There's an app for most ailments

There are plenty of apps that can make staying healthy a little easier. Or at the very least, a lot more fun.



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your iPhone instead of a cigarette.

There are more than 60 apps to help smokers kick the habit. Look for apps to help you go cold turkey, apps that double as subliminal tools, even apps with inspirational words from the Bible to get you through cravings.

But that's just the beginning. The Apple App Store is loaded with all kinds of health apps, from the practical to the absurd. Some translate lab test results or offer first-aid advice. There are apps for pet emergencies and some that stop just short of diagnosing symptoms. For those who are sleep-deprived, there's even a sheep counting app for that.

With so many health-related apps available, sorting out the ones that can make life a little easier from those that are just waste of time can be challenging. Here are some apps that can make staying healthy a little easier. Or at the very least, a lot more fun.

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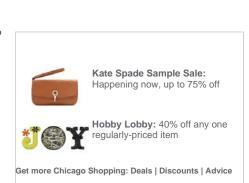
#### QUITTER

Cost: Free

What it does: Keeps track of how long you have been smokefree and how much money you've saved since kicking the habit. Simply enter the cost of your favorite pack, how much you smoked a day and the program tracks how much you've saved since then. If dollar signs motivate you, this could do the trick.

#### **iBP BLOOD PRESSURE**

Cost: 99 cents



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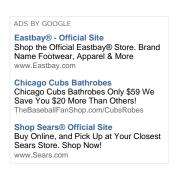
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Doctor: Growth hormone study subjects need treatment



Lap-Band seems bound for wider use -- now what?



What it does: If you're worried about your blood pressure, tracking it daily will give you a clear picture of where you stand. This app makes it easy. Besides tracking the data, it also analyzes it, and the information is easy to read. Color icons show you when your values are too high, normal or too low.

#### **IEYEEXAM**

Cost: 99 cents

What it does: Think of this app as a mini version of the eye chart on the wall of your optometrist's office. If the first line or giant E is blurry, brace yourself for some bad news: You're legally blind and should see an optometrist. It also identifies

flaws in the vision colorblindness test. It's not going to replace a visit to your optometrist, but for 99 cents, it's an easy way to check your vision.

#### **IPHARMACY**

Cost: 99 cents

What it does: Your doctor prescribes a drug that you've never heard of. Before even leaving the exam room, you can see if there's a cheaper, generic version available. This handy app contains information on more than 6,000 common drugs. Look up dosages, adverse reactions, drug interactions and overdosing. You also can save a list of the drugs that you take or e-mail that information.

#### **IMEDICAL LAB TESTS**

Cost: \$5.99

What it does: Say you just got back lab results on your blood test. Use this app to see if the lab values are normal. The app includes common tests for red blood cells, electrolytes, lipids and hormones.

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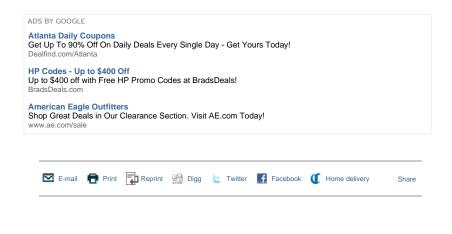
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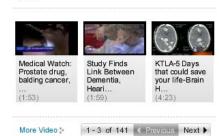
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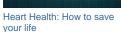


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A Tribune Newspaper website

## App army promises to bring a new tech revolution

The Apps explosion Sales are booming even as consumers are pinching pennies, says Joseph Menn

A decade ago, San Francisco's trendy South of Market district was the birthplace of hundreds of web design firms that have since gone under or been swallowed by rivals.

Now it is the turn of the "app army", the scores of companies devoted to churning out small programs known as applications that run on Apple's iPhone and rival devices, as well as on regular computers for users of Facebook and similar websites.

App sales are booming at are cutting tech spending and consumers are pinching

Indeed, veteran industry executives, investors and analysts are calling the shift to internet-capable devices and the apps that run on them a once-adecade leap in technology, on a par with the great personal computing boom of the 1980s and the debut

Rather than the small individual developers, it is the biggest companies that are faring best

of the World Wide Web in the 1990s.

The ramp [growth rate] of the iPhone and iPod touch in the first eight or nine quarters is more than five times the ramp for the internet," says Kathryn Huberty, Morgan Stanley tech analyst. These devices, and faster wireless networks, are both now reaching about a fifth of the global population, she estimates, which will drive much more rapid development: "Globally," she says, "2010 is the tipping point."

No company is more central to the shift towards the mobile internet than Apple, which enjoys a wide lead in distributing applications. More than 100,000 apps are available on its App Store and more than 2bn have been downloaded in less than a year and a half.

To keep that gusher flowing, Apple has sought to inspire more outsider developers with the rare rags-toriches stories - like that of Steve Demeter, a bank programmer who earned \$250,000 in two months of 2008 after launching a simple game called *Trism*.

But just as many from the front lines of the dotcom revolution were left on the battlefield, not all of those writing for the tiny screen will make it big.

"It's just getting ridiculously overwhelmed right now because of all these stories about people getting rich. It's few and far between," says solo developer Barry Egerter of Ontario, who hit the number one spot on the best-selling paid app chart last Thursday.

Even though Mr Egerter made it to the top, it took a year's work. He has quit his day job, and earned perhaps \$200,000 before taxes with Live Cams, a 99-cent app that allows users to look through the lenses of internet-controlled security cameras. Mr Egerter expects his ride at the top to be like that of most who make it there: exciting and brief. "If things don't work out, I may just find another desk job," he says.

Rather than the small individual developers, it is a time when corporations the biggest companies that are faring the best. Electronic Arts, which has been one of the largest-grossing games sellers for a decade, had four of 2009's top-five selling App Store games. EA, which has expanded

both organically and through acquisition, in 2005 made its largest bet until then by buying early phone gaming company Jamdat for \$680m. And last month it bought London-based Playfish, one of the three revenue-leading specialists in social games - and one developing a bigger iPhone presence - for about \$300m.

Social networking, gaming and mobile are increasingly combining. Zynga, the biggest social gaming company by revenue with FarmVille and Mafia Wars, has stripped-down versions of some games on the

The advantages the bigger companies have over the smaller developers - Perkins Caufield & Byers,

Inside the San Francisco

offices of iPhone app maker

Giants' baseball stadium, the

forces of modern games are

left Electronic Arts, one of

the two leading electronic

gaming companies, to start

Ngmoco last year to take

First, games that did not

advantage of big

developments in the

require a lot of time or

the role-playing games

processing power, such as

Mobsters and Mafia Wars,

had started to spread on

MySpace and Facebook.

Social games have a

financial advantage over

Activision are strongest,

because they can be

because they require much

improved daily in response

Distribution costs can be as

to how they are played.

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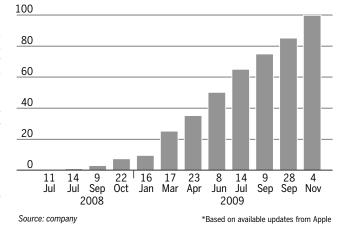
Ngmoco, across from the

colliding.

industry.



Apple App store able applications ('000)



may not be any "app milventure capital firm Kleiner

little as zero, if friends

convince other friends to

Second, in 2008 Apple

outsiders, putting pretty well

"It felt like one of those

inflection moments. This felt

like one of the biggest," Mr

Young said, and in March he

started assembling a cadre

of like-minded industry

In the year and a half

which has fewer than 40

employees - has landed six

games in Apple's Top Ten

charts, notching up more

veterans and venture

since, the company -

than 10m downloads.

One of the guiding

principles that Ngmoco

espouses is to combine

games with a heavy social

component, so that people

interact while playing and

any developer with a great

product a few finger-taps

announced that it would

open its App store to

away from millions of

iPhone users.

funding.

Games guru puts his finger on chart success

scale, expertise and market- who runs a fund devoted to hit franchise acquired for ing know-how – mean there backing iPhone developers. But small groups that

lionaires" in the years have multiple successes ahead, says Matt Murphy of will be pursued by bigger companies. "There will be teams of people who get a

thus recruit additional

players. Another is that

games should be free to

play, but that spending

money inside them should

make them more enjoyable.

Ngmoco's Eliminate did that

separate Top Ten charts for

In June, Ngmoco became

so well that it became the

first game to make the

free games and also for

the latest gamemaker to

its games and those of

the company cross-

promotes its wares.

deploy a social network for

partners, so that the players

who know each other from

one imagined world can find

each other in another, while

But all of that is so far

is not where Ngmoco is

Clive Downie, marketing

web as well.'

going to stay. "The web is the central platform," said

only on the iPhone, and that

vice-president. "The question

other devices that utilise the

is how we make games on

top-grossing games.

north of \$1m," Mr Murphy The business models are

Top grossing UK iPhone applications 2009

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For the first article

in this series and a

glimpse into the

world of apps

Team17 Software (Games)

changing so rapidly, though, that it is hard to make firm predictions. Advertising money adds

to the income from direct app sales, and ads inside games helped the three biggest mobile advertising networks globally, AdMob Quattro Wireless and Millennial Media, to double revenues in the past year.

Through trial and error, apps developers have discovered that having a free version of a program would help them market a fuller, paid version - the "freemium" model.

And just months after it started allowing supplemental purchases within paid applications, Apple agreed in October to allow purchases within free apps, creating a new path to profit. Ideally, some of the most

sophisticated apps makers would like to become services themselves, so that they have the same sort of ongoing relationship with customers that Apple does.

But if they do that, it is unclear how vital Apple will be to the equation. Tomorrow: apps beyond

www.ft.com/techblog

## Regulator attacked over Rusal IPO constraints

Activist says limits might backfire

By Tom Mitchell in Hong

Hong Kong's leading shareholder activist has issued a stinging critique of the market regulator's unprecedented decision to restrict retail investor participation in UC Rusal's \$2bn initial public offering.

Securities and The Futures Commission on Friday allowed the IPO to proceed but insisted on a minimum upfront investment of HK\$1m (\$129,000).

The regulator will also require Rusal, a Russian ing to protect investors. aluminium group, to be

200,000 shares, making it investors "stretched" their too expensive for most small investors.

'This is crazy," David Webb told the Financial Times. "If the prospectus doesn't meet our disclosure standards then they shouldn't approve the listing, and if it does it should be available to all inves-

Under Hong Kong's "dual-filing regime", Hong Kong Exchanges and Clearing's listing committee reviews and approves IPO applications. But in a simultaneous process, company filings are also vetted by the SFC, which can mandate changes or even veto a list-

Mr Webb noted that the David Webb: says regulator's traded on the Hong Kong SFC's restrictions could

stock exchange in blocks of backfire if determined tions were discriminatory, finances to participate in the IPO.

He said that the restric-



decision is 'crazy'

as they implied that small investors are not as sophisticated as wealthy ones. Members of HKEx's list-

ing committee are also sceptical of the SFC's attempt to restrict participation in both Rusal's IPO and subsequent trading in the secondary market.

"Personally I don't think it will work," one member said. "You can try to ringfence it but the market is the market.'

The SFC declined to com-

People familiar with the SFC's deliberations said that Rusal, controlled by Russian oligarch Oleg Deripaska, has met all of its disclosure obligations, especially over a complex \$16.8bn debt restructuring

completed at the end of November. The company's prospectus runs to 1,000 pages, including a lengthy section on risk factors.

They added that the efficacy of the SFC-mandated restrictions was not the point. A caveat emptor has effectively been stamped on Rusal's IPO, they argue, and it is now up to investors to decide if they will heed or ignore the regulator's implicit signal.

"We're in the business of facilitating listings, not standing in their way," said a listing committee member. "I can't see anything that should stop [Rusal's IPO]. The investment banks have done their job and it's a going concern.'

See Lex

## China banks aim to raise \$73bn after lending surge

**News analysis** 

Lenders look to rebuild financial strength, write Geoff Dyer and Jamil Anderlini

Chinese banks will raise as much as Rmb500bn (\$73bn) from capital markets next year to boost their core capital in the wake of this year's lending boom, a senior official at the Chinese banking regulator has

China's listed banks were likely to issue Rmb300bn-400bn in equity or bonds in 2010 to boost their financial strength, said Li Fuan, acting director-general of one of the China Banking Regulatory Commission's depart-

In addition, Agricultural Bank of China would raise Rmb100bn-200bn from its initial public offering which is expected next year, Mr Li said in a speech.

His comments were the first official acknowledgement of the likely fundraising effort by China's banks, although there has been widespread speculation about the amounts they will need to boost capital ratios. Chinese banks extended

Rmb9,210bn in new loans in the first 11 months of this year, far more than the average of Rmb3,000bn-4,000bn in recent years. The lending boom came

as the government rolled out a massive stimulus package to counter the effect of the global crisis. Beijing has set a target of Rmb7,000bn-8,000bn in new

bank loans for next year, according to people familiar with the latest policy. more

the banking system, the the Beijing government is risks. planning to maintain lending at its current rate next year. In spite of the huge vol-

ume of lending this year, developer Ngmoco regulators believe that the country's banking syswww.ft.com/apple tem is fundamentally sound although they remain wary

of a re-emergence of nonperforming loans, an official told the Financial Times.

In contrast to their western counterparts, China's banks have emerged from the global economic crisis in better shape than at any time since the country embarked on market reforms three decades ago, said Liao Min, director general of the China Banking Regulatory Commission General Office.

"Credit quality in general has improved and nonperforming loans have reached their lowest level ever," Mr Liao said.
"By number and by

nature, our banks are stronger and healthier than at any time in history," he added.

The ratio of non-performing loans at all China's commercial banks decreased to 1.6 per cent at the end of November, while the total outstanding level of bad loans fell below Rmb500bn for the first time in more than a

Charlene Chu, an analyst

'Credit quality has improved and nonperforming loans have reached their lowest level ever'

with Fitch, the ratings agency, said that asset quality and profits had held

"But there has been deterioration this year in the amount of capital the banks have on hand to deal with shocks to the loan book, she said.

Mr Liao said that the regulator was wary of seeing a jump in nonperforming loans as a result of the enormous, rapid Rmb1,000bn of this year's credit expansion this year loans remaining unspent in and had introduced a range of measures that were target in effect means that designed to mitigate future

> "We adhere to an ancient Chinese philosophical saying which tells us that "Ju'an siwei, sizhe youbei, youbei wuhuan' ["Be vigilant in peacetime and prepare yourself; precautions avert perils',"] Mr Liao said.

### **Contracts & Tenders**





#### **DEMOCRATIC REPUBLIC OF THE CONGO** Steering Committee for the Reform of Public Enterprises (COPIREP)

Consultation with the private sector, with a view to the establishment of a public-private partnership in the form of a Management Contract for the SNEL

The Government of the Democratic Republic of the Congo (DRC) has received a Donation from the International Development Association (IDA), as part of the Regional and Domestic Power Markets Development Project (Projet des marchés d'électricité pour la consommation domestique et à l'exportation PMEDE). It has been proposed that a portion of the funds from this Donation be used to make payments authorised in the name of a Consultation with the private sector for the establishment of a public-private partnership in the form of a Management Contract for Société Nationale d'Electricité (SNEL).

SNEL is a public enterprise whose purpose is the production, transmission and distribution of electric power in the Democratic Republic of the Congo.

As part of the rehabilitation of the power sector, the Government is planning to create a public-private partnership in the form of a Management Contract for SNEL, for which it requested funding from the World Bank. The operator winning the tender for the Management Contract will be tasked with managing the company at its head office in Kinshasa and across all of the company's sites.

The Management Contract will be arranged in consideration of the objectives of SNEL: To ensure the technical and financial viability of the enterprise over time;

To improve the quality of service provided to current and future consumers;

To increase access to electric power, as per the objectives of the National Plan. To facilitate the development of the hydrological resources of the DR Congo in a regional context.

The minimum performance levels to be attained will be quantified by contractually stipulated indicators. The planned term of the Management Contract will be 5 years.

Prior to launching the tender process, the Steering Committee for the Reform of Public Enterprises (COPIREP) wishes to consult with the firms and operators likely to be interested in this Management Contract, so as to organise a visit to meet with them for the purpose of presenting the project to them, gathering their opinions and finalising the contractual documents

COPIREP invites those firms and operators wishing to participate in this consultation to notify COPIREP by means of an explanatory letter of expression of interest containing information demonstrating their qualifications to perform the required services.

The list of firms and operators to be visited during this consultation mission will be defined by COPIREP

on the basis of the expressions of interest received. However, the participation of a firm or operator in this consultation will have no effect on the determination of its eligibility during the tender process The letters of expression of interest must be submitted at the address below or sent by e-mail to: cpm@

Comité de Pilotage de la Réforme des Entreprises Publiques (COPIREP) Secrétariat Exécutif / Cellule de Passation des Marchés Immeuble SOFIDE, Croisement des avenues Lemarinel et Kisangani, n°9-11 Kinshasa / Gombe – Democratic Republic of the Congo

copirep.org, no later than Tuesday, 5 January 2009.

Tel: +243 99 99 39 531 - Website: www.copirep.org

**Executive Secretary** Ilunga Ilunkamba

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Article location: <a href="http://www.fastcompany.com/blog/kit-eaton/technomix/apples-app-store-blasts-past-two-billion-downloads-still-accelerating">http://www.fastcompany.com/blog/kit-eaton/technomix/apples-app-store-blasts-past-two-billion-downloads-still-accelerating</a>

September 28, 2009

Tags: Innovation, Technology, App Store Wars, iphone apps

### **Apple's App Store Blasts Past Two Billion Downloads**

By Kit Eaton

In April Apple announced [1] that a billion apps had been downloaded from its iTunes App Store. Now, 14 months since the Store's launch, the folks at Cupertino have revealed that another billion apps have zipped over the wires.



That's an incredible acceleration of growth--8 months to a billion, 6 months to another billion. These figures translate to a 6.6 million app -a-day download rate for the last two and a half months. Why so fast? Back in April there were just 25,000 apps available, and now there are more than 85,000. That helps explain why so many more apps are being downloaded. But there's also the fact that people are more aware of the App market, thanks to aggressive Apple advertising and a growing embrace of downloads among Apple's installed userbase.

While the income pouring in through the App Store may not be at the core of Apple's business--its Mac, iPod, and iPhone hardware are still its bread and butter--it still represents a big chunk of cash (with Apple taking a 30% skim off paid app sales). It's easy to see the

writing on the wall: App Store income will soon become really important for Apple. That's because while iPod sales might be slowing (the app-friendly Touch being an iPod, of course) the iPhone's sales are basically set to sky-rocket.

Sales will skyrocket for a number of reasons--the key force is the end to Apple's carrier exclusivity deals and its launch into the Chinese cellphone market. In the U.K., it has <u>just been confirmed</u> [2] that Orange will soon sell the iPhone alongside previous exclusive-vendor O2. That pattern is likely to expand to other nations where Apple is only using one carrier. Though we have no evidence of an imminent date, Apple's marriage to AT&T in the U.S. can't last much longer--the clunky handling of iPhone data <u>tethering</u> [3] and <u>MMS</u> [4] capabilities for American iPhone owners surely have embarrassed Apple and angered its execs enough to threaten a longer-term extension to AT&T's deal.

It has also been long-<u>rumored</u> [5] that Apple's been chasing a distributor in China--the world's biggest cellphone market with 700 million subscribers--and that despite numerous set-backs, China Unicom was the favorite. That deal has been <u>confirmed</u> [6], and the phone will launch in China from October. We think Apple's attempts to deal with China's biggest carrier, China Mobile, soured partly since the network bosses wanted to meddle with Apple's business plan and take a cut of the App Store sales--hence we can assume Apple's happy to settle with Unicom due to preferable App Store conditions in the deal.

All these moves mean Apple's iPhone installed user base is going to literally explode over the next six months or so. And with continuing growth in the number of developers writing apps for the platform. this is going to equate to even faster application sales. I wouldn't be surprised to see the *four* billion app barrier being smashed sometime around Valentines Day, 2010. And then Apple's financial love affair with mobile apps will be plain for all to see.

[Apple [7]]

#### Links:

- [1] http://www.fastcompany.com/blog/kit-eaton/technomix/one-app-store-rule-them-all-itunes
- [2] http://www.slashgear.com/o2-losing-iphone-3gs-exclusivity-on-orange-uk-later-in-2009-2858124/
- [3] http://www.fastcompany.com/blog/chris-dannen/techwatch/simple-secret-iphone-tethering-fix
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- [7] http://www.apple.com/pr/library/2009/09/28appstore.html

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May 12, 2009

Section: Internet & Technology

Apple Sees iPhone As A Serious Player In Portable Games

#### PATRICK SEITZ

Apple isn't playing games when it comes to the iPhone, but its users sure are.

Apple's AAPL popular smart phone and its cousin the iPod Touch have become a major mobile video game platform since Apple opened its online App Store last July.

Apple recently passed 1 billion downloads at its App Store, which allows third-party software developers to offer applications for the iPhone. Games have been the top category from the start.

"It certainly has been a game-changer, pardon the pun, in terms of what it does and the bar that it has set," said Brian Jurutka, a vice president of digital audience measuring service ComScore.

Apple's iPhone could become a serious rival to Nintendo's NTDOY DS and Sony's SNE PlayStation Portable game devices, says Alexandre de Rochefort, chief financial officer of Gameloft.

Apple has sold 17 million iPhones and more than 13 million iPod Touches, creating an installed base of more than 30 million devices with the iPhone operating system.

"It's very clear to us that Apple's iPhone is a huge opportunity," de Rochefort said.

Gameloft expects to generate close to \$20 million in sales from iPhone games this year. Last year, it raked in nearly \$7 million in just six months.

"One month after the launch of the App Store, Apple became our No. 1 client ahead of any other carrier or handset manufacturer," de Rochefort said. And Gameloft had been in the mobile games business for nine years before then.

Paris-based Gameloft has 28 games on the iPhone and gets more than 10% of its revenue from the platform.

But some game developers aren't convinced that the iPhone will be serious competition for dedicated game devices like the DS and PSP.

"When it was launched, the assumption was that the iPhone would be the next big game platform that would compete with the DS and PSP," said Brian Greenstone, chief executive officer of Pangea Software. "But I don't know if that's how it's turned out. We were gearing up for doing these big games and having to compete with giant triple-A titles, but it just hasn't happened."

The most popular games for the iPhone are casual games designed for short play, not long-play immersive games, according to Greenstone.

#### A Touch Of Difficulty

He says the touch-screen interface that makes games so addictive on the iPhone is a drawback for adventure games, in which a game pad or joystick has traditionally controlled the on-screen action.

Someone might have to develop a game pad accessory that attaches to the iPhone, Greenstone says.

Pangea has been successful selling casual games on the iPhone such as the puzzle-solving game "Enigmo" and the prehistoric race-car simulator "Cro-Mag Rally." The Austin, Texas, company now has seven games available for the iPhone.

Game developers rave about Apple's iPhone software development kit and how easy it is to write programs for the device. They also praise the straightforward nature of Apple's App Store. Application developers get 70% of the revenue from programs sold on the App Store, and Apple keeps 30% for handling the transactions and managing the online store.

But those factors have led to some growing pains for Apple.

The App Store is now "absurdly crowded," Greenstone said. The online store has more than 35,000 applications available for download. As of May 7, games accounted for more than half of the 100 top-selling titles on the site. Games typically sell for 99 cents to \$9.99, but some trial versions of games are available for free.

With so many games available for the iPhone, getting noticed can be difficult, says Michael Cai, a video game analyst at Interpret. The creation of new applications for the iPhone, he says, is apt to slow as the less successful developers drop off. The explosion of downloadable programs for the iPhone "can't go on forever."

To get noticed, game developers have to get on one of the lists of top-selling or most-downloaded applications, Cai says. Or they need recognizable franchises like PopCap Games' "Bejeweled," he says.

"Trying to get visibility is still an issue," Greenstone said. "The key is to remain in the top 100 list because that's the main way people find you."

Game developers use trial or light versions of games to get noticed, as well as ads and reviews from gamer Web sites. YouTube videos of games also tend to get a lot of attention, Greenstone says.

When iPhone users like a game title, they're open to buying sequels much sooner than they would be for mobile game platforms like the DS or PSP, says Neil Young, chief executive of NGmoco.

For instance, San Francisco-based NGmoco came out with its hit iPhone puzzle-adventure game "Rolando" in December. It plans to release "Rolando 2" in June, followed by another sequel in December, Young says. Nintendo and

Sony might release a sequel every year, but not two in one year.

#### Volume Business

Consumers are "chewing through software much more voraciously" on the iPhone because of the low pricing of titles, the carry-everywhere nature of the device and the convenience of the App Store, Young says.

"We believe there is tremendous opportunity in this space," he said. "Today there is really nothing that compares and competes with the iPhone."

Young, a former executive at Electronic Arts ERTS, started NGmoco in 2008 because he saw the iPhone as a disruptive platform that would change how mobile games were sold. Games for the iPhone will grow more sophisticated over time, he says.

This summer, Apple will release the third version of its iPhone software. Among other features, the iPhone OS 3.0 will enable in-game purchases of additional content such as levels and weapons and alerts about new game titles from the iPhone's home screen.

Word Count: 1131 5/12/09 INVBUSD (No Page) END OF DOCUMENT



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## The Washington Post washingtonpost.com

The Washington Post

May 3, 2009 Sunday Every Edition

**SECTION:** FINANCIAL; Pg. G01

**DISTRIBUTION:** Every Zone

LENGTH: 846 words

**HEADLINE:** Peggle Finds A New Home

**BYLINE:** Mike Musgrove

#### BODY:

A few levels in, and I'm hooked all over again.

The goal is to wipe the orange buttons off the board by aiming and firing a ball from the top of the screen that bounces its way across a game board packed with obstacles -- it's a little like pinball, a little like pachinko. Complete a level and you're treated to a rousing burst of "Ode to Joy."

There's something famously addictive about this game that's been a hit on everything from the personal computer to a variety of mobile phones. Developer PopCap says that free, sample PC versions of the popular title Peggle have been downloaded 50 million times, though the number of actual purchases is a subset of that figure that the company declines to disclose.

Now the game is about to appear on the iPhone, a bit of news that may bode poorly for the productivity levels of the device's owners. When the tech culture blog BoingBoing took note of the coming launch, the announcement seemed to inspire an amount of despair among its readers, more than anything.

"Of all the iPhone's features and innovations, this is probably the one that would push me to break my Verizon contract," wrote one typical commenter, sounding like many who chimed in about the upcoming release at tech and game blogs. The iPhone is only offered on AT&T's network, after all. "I hate myself."

This month, Apple's App Store cracked the billion download milestone -- a remarkable feat for an online store that has been open less than a year. So far, games and entertainment titles such as Peggle have been the most popular category at the store, but Apple tends not to share much data about App users except for a list of the store's latest offerings, and lists of the store's most popular paid and free applications.

That's why, if you really want to know what App users are up to, you should ask advertising software and research firm Medialets. The start-up company, which tracks usage off applications on mobile devices, offered to relate some

findings with me about behavior trends it has noticed among 1,000 App Store users who agreed to install the company's tracking program on their devices. While the company wouldn't identify the usage and sales performace of specific iPhone Apps, the findings provide an early sketch of this new industry's consumers.

According to Medialets, for example, you'll be more likely to see your fellow Red Line commuters playing Peggle on the way home from work: News and productivity applications tend to get used during morning commute times, but entertainment applications are used more at the end of the day. Social networking applications are an exception to this trend; programs such as Facebook's iPhone App, the all-time most popular application at the App Store, only see a decline in usage between 4 a.m. and 6 a.m.

Developer PopCap, which plans to release the new version of Peggle next week, may enjoy a small, early lift in sales thanks to a fortunate bit of timing. Memorial Day is coming up in a couple of weeks, after all, and whenever iPhone owners have free time, they tend to download a heck of a lot more applications. Weekends, especially three-day weekends, are when iPhone users tend to be most active in terms of downloading new applications for their devices.

Being off the list of "new" or "popular" titles can be bad news for a developer. If an application is, say, number 100 on the list of the App Store's most popular applications, that title may be downloaded up to 100 times more frequently than the next application down that didn't crack the list.

Even though the software available on the App Store works on both the iPhone and the iPod Touch, iPhone owners are far more likely to download applications than iPod Touch users, who download a third as much as iPhone owners.

More than anything, App shoppers are price sensitive. "We see a big spike in downloads whenever someone decreases their price," said Rana Sobhany, vice president of marketing at Medialets. App Store shoppers love products that are priced at \$1, perhaps because that's what they're already used to paying at the store for song tracks, she said.

Even though it's priced at \$4.99, I'd look for Peggle to appear near the top of the charts when it debuts at the App Store next week -- that's my prediction, not one that Medialets offered, but it's not exactly a daring forecast. Peggle has already been a strong seller on every device it has appeared on, and PopCap seems determined to get this title on to every gadget imaginable. In March, the company introduced a downloadable version for the Xbox 360; in April, the game debuted on the Nintendo DS.

Recently, the company even released a version that can be played inside the virtual realms of the computer game World of Warcraft, meaning that you can play the game from inside another computer game. Not a joke.

As for PopCap, up next is a version for Android, also known as the Google phone, and a version for the Black-Berry, said Andrew Stein, director of mobile business development at the company.

"If your refrigerator had a screen, we'd put Peggle on it," he said.

GRAPHIC: IMAGE; A screen shot from the Peggle game on an iPhone.

**LOAD-DATE:** May 3, 2009



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### THE WALL STREET JOURNAL.

The Wall Street Journal

April 29, 2009 Wednesday

LENGTH: 389 words

**HEADLINE:** App Store Drives Growth for iPhone, iPod Touch --- Free Downloads Boost Sales of Devices; Momentum Likely to Continue on Strength of iPhone's Operating System

BYLINE: By Ben Charny

### **BODY:**

SAN FRANCISCO -- Apple Inc.'s App Store could be the most important growth driver for a company that generated \$32.5 billion in revenue last year, even though most of its software downloads are free.

Thanks to Apple's powerful "got an App for that" ad campaign, the App Store is helping the consumer-electronics company sell the iPhones, which start at \$199, and iPod Touch music players, which start at \$229, that are driving the company's top-line growth. The dynamic is very similar to how Apple's iTunes store propelled iPod sales earlier this decade

The App Store's momentum will likely continue because of the strength of Apple's iPhone operating system, which is being overhauled to allow multiplayer gaming that could make the smartphone a challenger to other handheld videogame devices. App designers love the operating system because it is simple to write programs that run on it.

The strength of the App Store -- it has passed its billionth download -- was apparent when Apple reported second-quarter earnings that blew past Wall Street expectations. Several analysts issued bullish notes on the company, saying the App Store, just nine months old, was responsible for helping sell 37 million iPhones and App Store-compatible iPod Touch devices.

The App Store gives the iPhone an edge that competitors, such as Nokia Corp. and Research in Motion Ltd., haven't been able to replicate: giving consumers a reason to buy the company's high-margin devices. Both Nokia and Research in Motion have tried to copy Apple's model, with limited success.

An Apple spokeswoman didn't respond to a request for comment about the importance of the App Store. But during Apple's conference call, Chief Operating Officer Tim Cook said the company believed it was "years ahead" in regard to downloadable software.

The App Store got a big boost last August, when Apple and service-provider AT&T Inc. co-sponsored a global ad campaign using Omnicom Group Inc.'s TBWA Media Arts Lab as its ad agency. The campaign has consisted mostly of snappy TV ads, which are distributed virally on sites like YouTube.

But all the attention has had its downside. Apple apologized Thursday for allowing the App Store to distribute an application that many saw as offensive.

App Store Drives Growth for iPhone, iPod Touch --- Free Downloads Boost Sales of Devices; Momentum Likely to Continue on Strength of iPhone's Operating System The Wall Street Journal April 29, 2

Nat Worden contributed to this story.

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**NOTES:** 

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### Copyright 2009 Chicago Tribune Company Chicago Tribune

April 21, 2009 Tuesday RedEye Edition

SECTION: Pg. 20

LENGTH: 511 words

**HEADLINE:** Chicago's iWhizzes

BYLINE: By Alice Truong RedEye

### BODY:

Nine months after the launch of the App Store, Apple is celebrating the approach of a milestone with nearly 1 billion applications downloaded to iPhone and iPod Touch devices. (View the "count-up" to 1 billion at http://tr.im/iJar.) But who are the people behind the iPhone icons? Meet some Chicago developers and their contributions to the iPhone world.

Lars Bergstrom, 30

PhD candidate at University of Chicago

WiFinder, free

Utility: Finds and connects to free WiFi networks.

Though WiFinder retired in January because Bergstrom, of Lakeview, wanted to concentrate on his studies, it amassed more than 1 million downloads. For a time, Bergstrom said, the iPhone application also served as a decent second income. The application debuted at \$1.99 on the App Store last September and eventually dropped to 99 cents. After Apple took its cut of the profits, the former Microsoft employee said he pocketed a little less than \$100,000 from WiFinder.

John Haney, 29

Software developer (JohnHaney Software)

Flashlight, free

Utility: Lights up your life (or a dark room).

Short of finding the light switch, your natural reaction if you're in the dark and trying to find your way is to grab your cell phone. That's where Flashlight comes in, turning the iPhone screen into a flashlight. It became so popular it was the App Store's No. 1 free utility application downloaded in 2008. It also briefly broke into the top 10 most downloaded applications overall. Haney, of Plano (about 60 miles southwest of Chicago), also has heard from appreciative iPhone-touting trackers who use certain-colored flashlights on different types of terrain, such as a red light for tracking footprints in the woods.

Jack Ivers, 52

Ivers, of Winnetka, is an iPhone software developer at Agile Partners

GuitarToolkit, \$9.99

Music: Four guitar tools in one.

GuitarToolkit acts as a replacement for four different guitar tools: tuner, metronome, chord reference book and scales reference book. Considering that a decent tuner can cost \$20 at Guitar Center, this app seems to be worth the price. Indie pop star Korby Lenker demonstrated how robust the application is by playing The Beatles' "Michelle" using GuitarToolkit in a video posted on YouTube.

David Lieb, 28, and Jake Mintz, 26

Students at the University of Chicago's business school

Bump, free

Social networking: Exchanges contact information from phone to phone.

When Discover magazine wrote a piece on this app, which exchanges contact information between iPhones with a simple bump, readers noticed the publication date of April 1 and thought the premise was simply too good to be true.

It's real, all right. Even though this application -- developed by former Texas Instruments employees Lieb, of the South Loop, Mintz, of Old Town, and Andy Huibers, of Sunnyvale, Calif. -- is less than a month old, Bump has averaged about a download per minute since it made its way to the App Store in late March and broke into the top 50 most downloaded applications in the store's social networking category. A paid version with more features is in the works, Lieb says.

**NOTES: POP** 

**GRAPHIC:** Photo (color): University of Chicago Booth School of Business students David Lieb (bottom) and Jake Mintz created Bump, which allows users to exchange contact information by bumping their iPhones together. BRIAN J. MOROWCZYNSKI FOR REDEYE Photo(s)

LOAD-DATE: April 22, 2009



### 1 of 1 DOCUMENT

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> April 13, 2009 Monday Home Edition

**SECTION:** BUSINESS; Business Desk; Part B; Pg. 1

LENGTH: 1061 words

**HEADLINE:** IPhone changes dynamics of the video game industry;

Developers are making shorter, cheaper titles for the device and the iPod Touch.

**BYLINE:** Alex Pham

**DATELINE: SAN FRANCISCO** 

### **BODY:**

Only a few years ago, bigger guns, badder enemies and louder explosives mattered most in video games.

Now, small is beautiful, and Apple Inc.'s iPhone is largely responsible.

The surprising emergence of the iPhone and its phone-less sibling, the iPod Touch, as hand-held game consoles has started to change the dynamics of the \$40-billion game software industry. In addition to making titles for the iPhones, publishers are studying the thousands of games already available, figuring out what works and applying those lessons to more traditional games.

After years of building large, graphics-intensive blockbusters that come out every few years, developers are starting to make shorter, less expensive games that are released in more frequent installments. They're also making iPhone versions of major franchises that tie into the version for the console or computer.

"The iPhone has changed everything," said Neil Young, a game developer who last year left one of the industry's largest publishers, Electronic Arts Inc., to found Ngmoco, a San Francisco maker of iPhone games.

It's not just the device that's having an effect. It's also Apple's App Store, an online marketplace where users can browse through 25,000 software applications from thousands of publishers.

Many are games that take advantage of the multitouch screens, accelerometers and Web connections featured in the iPhone and iPod Touch. On a typical day, six to eight of the 10 bestselling apps are games.

One-third of all iPhone owners who use apps had downloaded Tap Tap Revenge by February, research firm

IPhone changes dynamics of the video game industry; Developers are making shorter, cheaper titles for the device and the iPod Touch. Los Angeles Times April 13, 2009 Monday

ComScore said last week. That made the music game, which is free in some versions and \$4.99 in others, the most-owned app. Twelve of the top 25 -- and five of the top 10 -- listed by ComScore are games.

After shoppers submit their credit card information once at Apple's online iTunes store, they can start buying apps through a computer or directly on their devices with a single click.

Since July, consumers have downloaded 800 million apps. Some are free, but many others cost 99 cents to \$10 (Apple takes a 30% cut).

Video games that cost less than \$10 are a big change. A typical title for a console or PC typically sells for \$30 to \$60. For hand-held games on Nintendo Co.'s DS, games cost \$20 to \$35.

Nintendo recently announced that owners of its upcoming DSi hand-held console would be able buy downloadable games for as little as \$2. Nintendo executives said their pricing strategy was formed independently from the App Store, and they were quick to point out how their business was different from Apple's.

"Are we intrigued by the iPhone? Yes," said Reggie Fils-Aime, president of Nintendo's North American business. "But our approach is fundamentally different. We want to give our customers high-quality, innovative and captivating entertainment. A storefront with 10,000 pieces of content doesn't do that."

Analysts see a different story.

"Nintendo is definitely paying attention," said Billy Pidgeon, an analyst with IDC. "It's pretty obvious from their pricing that Nintendo studies what Apple does."

Other game companies are also paying attention. Electronic Arts, which is releasing 14 iPhone titles this year, is starting to explore how iPhone apps can be an extension of its larger games, said Travis Boatman, the Redwood City, Calif., company's vice president of mobile studios.

EA's Spore Origins game for the iPhone was a stand-alone title meant to boost the visibility of its much bigger sibling, Spore for the PC. But the two games didn't connect, so players couldn't export virtual creatures from the iPhone game to the PC version. Boatman said future projects were more likely to have those types of crossovers.

"There's potentially a lot of money to be made from those connections," he said, noting that there are more than 17 million iPhones and 13 million iPod Touches in the market. "You will see this happen more because there are very good business reasons for doing it."

Pidgeon said big publishers such as EA were carefully watching the experiments of small studios that had made top-selling games for the iPhone, such as Subatomic Studio's Fieldrunners, Secret Exit's Zen Bound and Steve Demeter's Trism, which generated \$250,000 in sales in its first two months.

"They're seeing that small shops with one or two people can make a hit game," he said. "IPhone has taught them that small bets can pay off big."

The iPhone is also giving developers reasons to rethink their creative approach to designing games. Instead of spending two years and more than \$25 million to develop a title, some developers are looking at releasing multiple episodes over time.

The idea of smaller, cheaper, faster game development isn't entirely new.

Decades ago, the Sims, from EA, pioneered the notion of selling expansion packs that contained several dozen virtual items such as outfits, pets and furniture, said Bing Gordon, partner with Kleiner Perkins Caufield & Byers, a venture firm in Menlo Park, Calif.

IPhone changes dynamics of the video game industry; Developers are making shorter, cheaper titles for the device and the iPod Touch. Los Angeles Times April 13, 2009 Monday

And sped-up game development has its roots in the mid- 1990s with Randy Pausch, a computer science professor at Carnegie Mellon University who taught his students to make lots of quick prototypes of their ideas, rather than trying to hone one perfect project.

"The real breakthrough is iTunes and the App Store," a section within iTunes, Gordon said. "It suddenly opens the floodgates" for consumers to buy smaller games in massive quantities.

Lorne Lanning, president of Oddworld Inhabitants, a game developer in San Luis Obispo, said he liked the iPhone's ability to reach millions of players who can give feedback on a game's features. Developers can either take that information and refine current versions with software updates or build it into their next installment.

"As we head to the future, we need to start really small," Lanning said. "Get it out there, and let people help shape it. Learn from your audience."

alex.pham@latimes.com

()

Most popular iPhone apps

Five of the top 10 applications downloaded by app users are games.

IPhone app title, category, percentage of app users who have downloaded it Tap Tap Revenge, games, 32%

Backgrounds, entertainment, 27%

Touch Hockey: FS5, games, 26%

Facebook, social networking, 26%

Pac-Man, games, 24%

IBowl, games, 24%

MySpace Mobile, social networking, 23%

Google Earth, travel, 22%

Labyrinth, games, 22%

Pandora, music, 21%

Source: ComScore

**GRAPHIC:** PHOTO: FUN ON THE GO: Travis Boatman of video game maker Electronic Arts plays Scrabble on an iPhone. EA is releasing 14 iPhone titles this year. PHOTOGRAPHER:Robert Durell For The Times PHOTO: A

IPhone changes dynamics of the video game industry; Developers are making shorter, cheaper titles for the device and the iPod Touch. Los Angeles Times April 13, 2009 Monday

VIRTUAL VEHICLE: Artificial Life's BMW Z4 lite for the iPhone lets users customize and test drive the roadster. PHOTOGRAPHER: Artificial Life Inc.

LOAD-DATE: April 13, 2009



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### The Washington Post washingtonpost.com

The Washington Post

March 22, 2009 Sunday Every Edition

SECTION: FINANCIAL; Pg. G01

**DISTRIBUTION:** Every Zone

LENGTH: 811 words

**HEADLINE:** They're Apps to Make Money

**BYLINE:** Mike Musgrove

### BODY:

Todd Moore didn't foresee that he was about to embark on a new career when he bought his first Mac last year. It just sort of happened.

Moore, a 35-year-old Sterling resident, had been spending his working life pulling down six figures as a network security professional -- a job he liked well enough. But after reading a few get-rich-quick stories about programmers making good money from selling applications designed to run on the iPhone or iPod Touch, he decided to give it a go. How hard could it be?

Learning the tricks of iPhone development in his spare time, Moore rolled out a handful of applications and posted them for sale on Apple's App Store. Some went nowhere, sales-wise, but a couple have hit the big time.

The biggest success, so far: White Noise, a \$1 program that generates soothing sounds for people who have a hard time getting to sleep. Card Counter, a \$3 application designed to help users learn the principles of counting cards to win at blackjack, has also been a brisk seller. Last month, on the software sales-tracking charts at iTunes, both programs appeared on the "top 20" most-purchased list. That's about the time Moore gave his two weeks notice and decided to pursue this dream full time.

"In one week, I made what I would've made in four months," he said. "That's when I decided to pull the trigger."

Apple's online software shop has given rise to a new set of entrepreneurial programmers such as Moore, hoping to make a living, or a bit of supplemental income, by dreaming up software products that will prompt iPhone users to part with a buck or two.

Jumping into this area requires a bit of programming knowledge -- even experienced programmers say it takes a few weeks to master the ins and outs of developing software for the device. But thanks to the App Store, which pays developers 70 percent of the sale price, an application devised by an inspired programmer such as Moore has as much

chance of making it big as an iPhone game designed by a team at, say, Electronic Arts. Apple announced last week that the App Store has had 800 million downloads since it launched last summer, though that number also includes the store's many free downloads.

Moore isn't the only Washington-area dreamer who has hopped into this hot new area of software development. Local programmer Keith Shepherd gave up his job as developer of health-care software last year to start his one-man iPhone game shop, Imangi Studios, out of his Dupont Circle apartment.

So far, Shepherd has released a pair of well-reviewed word puzzle games, Imangi and Imangi Word Squares. Last month, he released his latest game, Little Red Sled, in which players tilt their iPhones left or right to steer a sled down a series of snowy hills. He's not making as much as he did at the job he left, "but I'm getting there" he said.

Fresh ideas are precious commodities in this space, so developers tend to keep mum about exactly what they have in the works.

Julie McCool, a former AOL executive who lives in Reston, designed a program in which you create your own virtual snow globe. Shake your iPhone, and you set the program's virtual snowflakes in motion.

Good idea, right? Well, she wasn't the only one who thought of it. "When I first started thinking about snow globes, there was already one in the store," she said. "By the time I started working on it, there were 10."

McCool's start-up, Hawk Ridge Consulting, has a few projects in the works in which she has paired up with entertainment companies wanting to connect with consumers on the popular App Store. You'll understand if she keeps the details of those projects to herself, for now.

Even for folks who are keeping their day jobs, there's a sort of do-it-yourself excitement to building applications for the iPhone (and the iPod Touch). There's a gold rush mentality out there, but some say they just like the ability to dream up something and execute it by themselves, without having to work with a huge development team or a big budget.

I've written about Peter Hirschberg before in this column; he's an AOL worker in Linden who constructed a two-story building in his yard to house his collection of vintage, '80s-era arcade games.

These days, Hirschberg is working to bring his passion for that old-school style of videogame to the App Store. His recently released game, Vector Tanks, re-creates the simple graphics you'd perhaps remember from 20-year-old pizza parlor classics like BattleZone. He's got a long list of similar projects he hopes to get to, if time permits.

"It's not about storyboards and product marketing," he said. "It's more like an indie film. It's one guy saying, 'I want to do this because I think it's cool.'

"The iPhone has brought back to computing and gaming what used to get me excited about computing and gaming," he said. "This is what I've been waiting for since I was a kid."

**GRAPHIC:** IMAGE; By Kevin Clark -- The Washington Post; Keith Shepherd quit his day job and is trying to make a go out of it with word puzzle games and a downhill sledding game called "Little Red Sled."

LOAD-DATE: March 22, 2009



#### 1 of 1 DOCUMENT

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March 17, 2009 Tuesday

**SECTION: BUSINESS** 

**LENGTH:** 543 words

**HEADLINE:** IPhone gets an update

**BYLINE:** By John Boudreau Mercury News

**BODY:** 

Mercury News

Apple executives on Tuesday gave a glimpse of changes coming to the iPhone's operating system this summer including a cut-copy-and-paste function but were tight-lipped about whether a new device is in the offing.

At an event at the company's Cupertino headquarters, Apple also released a new software development kit, which code writers use to create new programs. The new kit will increase the kinds of applications they develop, including ones that access the iPod music library. It also will enable applications to connect with accessories, such as a blood-pressure monitor. And it will let iPhones and iPod Touch devices directly connect with each other wirelessly for activities such as games.

"This is a major update to the iPhone," said Apple vice president Scott Forstall, who heads up the device's software division.

During a question-and-answer session later, Philip Schiller, Apple's senior vice president of worldwide product marketing, was asked about a new iPhone device. "Nothing is going to be announced today," he said.

But the software update coming in the summer dubbed iPhone 3.0 was enough to generate plenty of buzz.

The event drew hundreds of reporters, TV news crews, analysts and apps developers—a indication of how the nearly two-year-old iPhone has become an industry trend-setter. Apple's Vice President of iPod marketing, Greg Joswiak, said the company has sold 17 million iPhones so far in 80 countries.

There have been 800 million downloads from the company's eight-month-old App Store, which now lists more than 25,000 applications. The App Store is available in 62 countries and Apple is adding another 15.

IPhone users spend 70 percent of their time on the device playing games, e-mailing and accessing work documents,

analysts say, which makes it a desirable platform for developers to create money-making applications. The iPhone 3.0 software will let developers sell items within apps they create, such as magazine subscriptions, e-books and new levels of video games.

The operating system upgrade will be free for iPhone owners and be priced at \$9.95 for iPod Touch users.

"This continues to give Apple the leadership position when it comes to next-generation smart-phones," said Creative Strategies President Tim Bajarin.

The iPhone is facing more competition as its rivals from Research In Motion to Sunnyvale-based Palm, whose highly touted Pre will be launched in coming months embrace iPhone-like features and their own online application stores.

"The Pre may turn out to be successful," Gartner analyst Ken Dulaney said. "But the iPhone is on a roll. The biggest problem for the iPhone now is the price of the (AT&T voice and data) service. You are running out of people who can pay that."

Contact John Boudreau at jboudreau@mercurynews.com or (408) 278-3496.

features Coming soon to the iphone

Cut-copy-and-paste functions.

Spotlight, a feature that lets users search across applications, such as e-mail.

Voice memos, allowing users to record.

Multi-media messaging service program, allowing users to send and receive photos, contacts, audio files and locations with the messages app.

Landscape view that lets users type e-mail and notes on a larger keyboard by rotating the iPhone to a horizontal position.

**GRAPHIC:** Dr. Ge Wang, of Smule, demonstrates playing the Leaf Trombone on the iPhone at the Apple campus in Cupertino, on March 17, 2009. The application turns the iPhone into a musical instrument which you play by blowing into it. (LiPo Ching/Mercury News)

Scott Forstall, Senior Vice President of iPhone Software at Apple, unveils the latest version of its iPhone software, iPhone OS 3.0, at the Apple campus in Cupertino, on March 17, 2009. The new software includes new push notification features. (LiPo Ching/Mercury News)

Dr. Ge Wang, of Smule, demonstrates playing the Leaf Trombone on the iPhone at the Apple campus in Cupertino, on March 17, 2009. The application turns the iPhone into a musical instrument which you play by blowing into it. (LiPo Ching/Mercury News)

LOAD-DATE: March 17, 2009



### Copyright 2009 The New York Times Company The New York Times

January 2, 2009 Friday Late Edition - Final

SECTION: Section A; Column 0; Business/Financial Desk; Pg. 1

LENGTH: 1001 words

HEADLINE: Play Flute, Name a Tune or, in a Pinch, Even Make a Phone Call

BYLINE: By MATT RICHTEL and LAURA M. HOLSON

### **BODY:**

So your cellphone has a brushed-metal shell, can flip and slide four ways and has more buttons than an airplane cockpit. Big deal.

The new status symbol is what your phone can do -- count calories, teach Spanish, simulate a flute, or fling a monkey from a tree.

With the advent of touch-screen technology and faster wireless networks, the new competition and cool factor revolves around thousands of fun, quirky (and even useful) programs that run on the phones.

The popularity of such applications for Apple's iPhone, the leader of the transformation, is driving a fierce competition among the makers of the BlackBerry and Palm devices, and even Google and Microsoft.

It heralds a new era in the allure of a mobile device -- the phone is no longer a fashion statement but a digital bag of tricks.

"Just having the iPhone a year ago was special, but now you have to exceed that," said James Katz, executive director of the Center for Mobile Communications Studies at Rutgers. "The apps are a wonderful, wild and woolly world of interpersonal bragging rights."

"It's status for the rest of us," he said.

Since July, Apple has posted more than 10,000 programs to its App Store; 9 out of every 10 iPhone users have downloaded applications -- more than 300 million over all, though those include software updates and repeat downloads. Some applications are free (like Stanza, which lets you download and read books) while others typically cost \$1 to \$10.

Other applications help users navigate roads, find friends and local restaurants, and play odd games, including one called Sapus Tongue, in which the user swings the phone to see how far he can fling an animated monkey on the screen.

Recognizing the business opportunities, the other major cellphone and software companies are getting into the app act.

Google recently introduced the Android Market, selling applications based on Android, its operating system for cellphones. In the spring, Research in Motion plans to introduce an application store for its BlackBerry devices. Palm is

thinking of retooling its software strategy, while Microsoft is in the early stages of creating its own store for phones running Windows Mobile.

Users say some programs can genuinely help productivity, but more often than not, they are time-wasting and sometimes -- by showing off the powerful computing power of phones -- jaw-dropping.

One popular application called Shazam lets users hold the phone up to a radio to identify within seconds what song is playing and by whom -- and then give users a way to buy it on Apple's iTunes Store, of course. The current most popular download, which costs 99 cents and has an impolite name, lets the phone simulate the sound of flatulence.

The applications have also become a form of social currency, as users compete to find the latest quirk, show off to friends or best one another with their discoveries.

Peter Szurley, a lawyer in San Francisco, used his phone at a meeting two weeks ago to break the ice. At an Italian restaurant, he started the meal with a new client by pulling out his iPhone, putting it to his lips, blowing into the microphone slot and moving his fingers across the touch screen. From the phone emanated the sounds of a flute.

The application he was showing is called Ocarina. A 99-cent program that turns the phone into a digital flute, Ocarina is one of the most popular applications, having been downloaded by more than 400,000 iPhone owners.

"He was just blown away," Mr. Szurley said of his lunch companion. "He had a BlackBerry. You can't do that with a BlackBerry."

Mr. Szurley also downloaded an application that gives him a news feed from CNN, and another performs currency conversion.

Ian Mackey uses a program called Labyrinth, in which the user tilts the motion-sensitive phone to carefully to guide a ball through a maze and avoid holes.

He also has a helicopter shooting game and an application called iBeer that lets him tilt the phone back to make it look as if his guzzling a frosty cold one. That's about as close as he plans to come to actual beer for awhile; he's 11, a sixth grader in Los Altos, Calif., who inherited his dad's old iPhone.

He says it is a big hit with the children at school. "I show them the apps and they like to play with it when we're hanging out after school," Ian said. Other youngsters have some cool new phones, too, but "they don't have a little place where you can go and download an app."

The concept of add-on applications long predates the iPhone; for a decade, hand-held devices made by Palm have had software as diverse as a bartending guide or a renal artery stenosis calculator for doctors.

But the concept attained mass-market popularity in July with Apple's introduction of the App Store. An iPhone user can download software to the phone in seconds.

For its part, Google has about 300 applications available. Among the most popular is ShopSavvy, in which users scan the bar code of any product using the camera built into the G1 smartphone from T-Mobile. The application, which is free, then searches for the best price online and delivers the information to the phone.

Google says it earns nothing from the applications. Instead, any revenue is split between developers, who earn 70 percent, and, in the case of the G1, with the carrier.

While Apple takes 30 percent of all revenue from the store, selling applications is not just about the fees. Offering applications also helps Apple sell more iPhones. Its current advertisements, and those of its carrier partner, AT&T, market the applications, not the phone.

Matt Murphy, a venture capitalist at Kleiner Perkins, which operates a \$100 million fund for iPhone application developers, said this was a new kind of business: selling people not the phone itself, but the applications that can come with it.

"What you can do on a phone is driving the kind people buy," Mr. Murphy said. "Whatever phone offers the best applications wins."

URL: http://www.nytimes.com

**GRAPHIC:** PHOTOS: A New York subway map, a maze through which a ball must be guided and a program that identifies songs playing on the radio are a few of the applications that can be run on a cellphone.(A1) The popularity of applications for the iPhone is driving a fierce competition among Apple and the makers of the BlackBerry and Palm devices. Since July, Apple has posted more than 10,000 programs like these at its App Store.(A14)

LOAD-DATE: January 2, 2009



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## The Washington Post washingtonpost.com

The Washington Post

December 30, 2008 Tuesday Suburban Edition

SECTION: FINANCIAL; Pg. D01

**DISTRIBUTION:** Maryland

LENGTH: 888 words

### **HEADLINE:** The iPhone's Golden Touch;

Tapping into the Apple phone craze, accidental entrepreneurs rake in millions by creating popular applications.

BYLINE: Daniel Lyons

### **BODY:**

Ge Wang never dreamed of becoming a high-tech Silicon Valley entrepreneur. He's an assistant professor at Stanford, a specialist in computer science and music whose biggest passion has been organizing nerdy "laptop orchestras" composed of 20 people each "playing" a notebook computer.

But last summer his friend Jeff Smith -- who'd run two successful high-tech companies before dropping out of the corporate world to take music classes at Stanford -- talked Wang into trying to create applications for Apple's iPhone. Smith and two others put up some seed money, and Wang, 31, set to work with a handful of engineers.

They called the company Smule and created four applications, priced at a buck apiece. There's a virtual lighter, a virtual firecracker, a voice changer that can make you sound like anything from Darth Vader or an elf on helium and the big winner of the bunch -- a program called Ocarina that turns the iPhone into an electronic wind instrument. Released in November, Ocarina racked up 400,000 downloads in less than a month.

Smule, which originally set a goal of taking in \$100,000 in revenue this year, will end up making closer to \$1 million. "It's amazing," Smith says. "The business is already profitable."

Wang and Smith are riding the latest phenomenon to sweep across the tech industry. Thousands of people are writing applications for the iPhone and selling them through Apple's App Store, which is part of the iTunes online market-place. Apple launched the App Store in July and has delivered more than 300 million downloads of more than 10,000 applications (some choice samples: a free Bloomberg stock-market terminal and a 99-cent "iBeer" that sloshes around when you tilt the phone).

"We've never seen anything like this in our careers," Apple chief executive Steve Jobs told Wall Street analysts on an earnings conference call in October.

The iPhone's Golden Touch; Tapping into the Apple phone craze, accidental entrepreneurs rake in millions by creating popular applications. The Washington Post December 30, 2008 Tuesday

Apple introduced the iPhone in June 2007 and followed up in July of this year with a 3G model that offers faster data-transfer speeds. Apple has sold 13 million iPhones, and in the third quarter of this year sold more units than Research in Motion, maker of the BlackBerry. In terms of revenue, Apple claims now to be the third-biggest cellphone maker in the world, after Nokia and Samsung.

Apple won't say how much money the App Store is taking in, nor will it say how many of the 300 million downloads were free apps and how many cost money (most apps are free; the others cost anywhere from a buck to \$10). Apple gets a 30 percent cut of revenue generated by apps. But for Apple right now the money isn't the point. The big thing is the race to become the dominant mobile-computing platform, the way IBM-standard PCs running Microsoft operating software -- first DOS and then Windows -- came to dominate personal computing in the 1980s and early 1990s.

The mobile-computing space looks a bit like the early days of personal computers, when different operating systems were competing to be king. A half-dozen smartphone platforms compete in the market, including Symbian (used by Nokia), Windows Mobile, the BlackBerry and Google's Android. Yet another is on the way from Palm, maker of the Palm Pilot and the Palm Treo.

Next year Palm will introduce a new operating-system platform for mobile computing. Whichever platform draws the most developers is likely to rule the market. Now "it's a 100-yard dash, and Apple is already 75 yards down the track while the other guys are still trying to get out of the blocks," says Ken Dulaney, analyst at research firm Gartner in San Jose.

Half the fun of owning an iPhone is trying out all the cool new apps you can put on it, and developers are cranking them out at a feverish pace. "It's kind of a gold rush," says Brian Greenstone, who runs a tiny outfit (it's just him and a few freelancers) called Pangea Software in Austin, that has created several hit games for the iPhone, including Cro-Mag Rally and Enigmo. Greenstone, 41, has been writing games for Apple computers for 21 years. But he says he's never seen anything like the iPhone app phenomenon, which this year will deliver \$5 million in revenue for him.

"It's crazy. It's like lottery money. In the last four and a half months we've made as much money off the retail sales of iPhone apps as we've made with retail sales of all of the apps that we've made in the past 21 years -- combined."

Business is so good that Greenstone won't even bother writing for the Mac anymore. Besides, he says, iPhone apps are easy to create: Some get cranked out in just two weeks by a single developer. "Some kid in his bedroom can literally make a million bucks just by writing a little app," Greenstone says.

Steve Demeter, a 30-year-old programmer, built an iPhone game called Trism in his spare time, working nights and weekends. By the end of September he'd earned \$250,000 in just two months.

He's made more money since, but won't say how much. But it's enough that he's quit his job at Wells Fargo bank, where he was writing code for ATMs, and he has hired five engineers to develop a slew of new iPhone games.

"We might get funded. We might get acquired. There's a lot of things on the table," he says. "My life is very different than a year ago."

Where things will be a year from now is anyone's guess. But for now, the little guys are happy to be riding on Apple's coattails.

LOAD-DATE: December 30, 2008



### 1 of 1 DOCUMENT

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# The Washington Post washingtonpost.com

The Washington Post

December 21, 2008 Sunday Correction Appended Every Edition

SECTION: TRAVEL; Pg. P02

**DISTRIBUTION:** Every Zone

LENGTH: 541 words

**HEADLINE:** Hungry? Get Your Apps in Gear.

BYLINE: Rob Pegoraro; Washington Post Staff Writer

### **BODY:**

Few things say "bewildered tourist" like standing on a sidewalk, guidebook in hand, as you scan the surroundings for a decent restaurant. But if you're peering at the screen of a cellphone instead? Why, you look like you're just sending a text message, even if you're still seeking dining advice, in this case with a free phone program that finds nearby attractions.

The kind of software that lets you pull off that trick dates to two recent developments. First, phones learned to find themselves (by GPS or by computing distances to transmitter towers); then wireless carriers let other people write software for their phones (giving users an alternative to the carriers' own \$10-a-month navigation services).

The most widely used program of this sort is Google Maps (http://google.com/gmm), available for BlackBerry, Windows Mobile and Palm phones. In most cases, it quickly fixes your location and can then find nearby businesses by category ("restaurant") or name ("Arnaud's"). On some phones, it also provides Street View panoramas showing what you'd see from a given stretch of sidewalk.

Google Maps doesn't report much about what people think of the places it finds, but many newer location-aware applications can, most of them available on Apple's iPhone via its App Store icon.

Start with Yelp, which provides an immense database of user-contributed reviews of restaurants, bars, stores and much else. ("Yelpers" can be remarkably loquacious about subway stations.) But its lengthy restaurant listings need more filtering options, and its locals-first advice can leave you guessing about hotels.

The plainer, perhaps more practical iWant simply lists the closest options in such travel-relevant categories as hotels, drugstores and banks. Where lets you choose from multiple review sources (Yelp included) as you pan around a map.

For looking up restaurants alone, UrbanSpoon links to multiple online reviews and offers the giggle-inducing option of shaking the iPhone like a Magic 8 Ball to get a random suggestion. But it covers only major cities; for example, this past summer my wife and I made great use of it in Portland, Ore., but not in the town of Hood River, to the east.

OpenTable has similar coverage limits but also lets you see which places have tables free, then book one online. (Note: The Post's Going Out Guide competes with many of these apps but covers just the Washington area.)

This fun isn't confined to the iPhone. Google's new Android phone software, running on the T-Mobile G1, allows for the same sort of programs, accessible via its "Market" icon. The best example of its potential so far is a smart little program called Wikitude.

That program draws on articles from Wikitravel, a vast user-written guide modeled on Wikipedia, but guides you to this advice through the G1's camera. Select its "View in Cam" option, point the camera in the desired direction and it "annotates" the scene in front of you by labeling any local landmarks onscreen. This guidance goes beyond museums and monuments to cover geographic and historical tidbits. For example, on a street corner in Arlington, Wikitude pointed the way not just to Arlington Cemetery and the Pentagon but also to nearby neighborhoods and ruins of Civil War forts.

CORRECTION-DATE: December 24, 2008

### **CORRECTION:**

 $\hat{A}$ · A Dec. 21 Travel article about smartphone applications incorrectly said that the UrbanSpoon program for iPhones covers only major cities. A recent update added coverage for other U.S. locations.

**GRAPHIC:** IMAGE; Photos By Rob Pegoraro -- The Washington Post; Shake, and UrbanSpoon delivers. IMAGE; OpenTable can book reservations.

LOAD-DATE: December 21, 2008



### 5 of 5 DOCUMENTS

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USA TODAY

December 11, 2008 Thursday FINAL EDITION

**SECTION:** MONEY; Pg. 5B

LENGTH: 1083 words

**HEADLINE:** Oh, what fun it is to shop at the iTunes App Store;

Transformers have nothing on iPhone

BYLINE: Edward C. Baig

### **BODY:**

The killer app for the iPhone is -- drum roll, please -- the iTunes App Store. Five months after Apple launched its online emporium, I believe it even more, having downloaded a gaggle of programs, including some that transform my iPhone 3G into a harmonica, metric system converter and level.

There are now more than 10,000 of these applications for the original iPhone, its 3G successor and in most cases, for the iPod Touch. Many are free.

I encounter buggy programs from time to time, but there are frequent updates to fix such snags.

And because of the drain on the battery, Apple still won't let developers produce apps that run in the background. So forget about listening to Internet radio while checking e-mail. I'm also waiting on an app that will let you shoot video.

All that said, exploring the App Store on your handheld or via computer is a delight, and you can rely on fellow users for reviews. Some of my favorites:

\*Listening to radio. There's a reason Pandora has emerged as the most popular free iPhone application. Type a song or artist's name, and Pandora creates an instant radio station inspired by your selection, same as on a PC or Mac. Fine-tune stations by indicating whether you like what's being played. In some cases, you can buy the music you hear through iTunes.

The iPhone, of course, functions as an iPod. But your storage is limited. If you have gobs of music on your computer, consider Simplify Media. The \$3.99 program lets you stream (most of) your music collection and that of up to 30 friends.

Oh, what fun it is to shop at the iTunes App Store; Transformers have nothing on iPhone USA TODAY December 11, 2008 Thursday

Setup is simple, and though music sometimes is slow to start up, it sounds good. Simplify generally worked really well as I rode in and around New York City. (It works on Wi-Fi, 3G or pokier Edge networks.) You can view song lyrics and artist bios. But Simplify can't remotely play iTunes purchases that are DRM or copy protected.

How often have you heard a song on the radio or in a club but didn't know its name? Hold the iPhone up to the radio, and let the free Shazam app identify the tune, usually within 20 seconds. Shazam doesn't get it right every time. But it correctly tagged material as varied as Come On Over from Isobel Campbell & Mark Lanegan and Corcovado from Astrud Gilberto.

\*Making music. Smule's addictive 99-cent Ocarina turns the iPhone into the ancient flute-like instrument. You softly blow into the iPhone's microphone and play notes by pressing and holding your fingers over any of four virtual on-screen holes. There are 16 possible combinations, and you can alter the sound by tilting the phone. There's even "sheet music" on Smule's website to play anything from Over the Rainbow to If I Were a Rich Man.

Ocarina is social. Tap a globe icon to rate performances from users around the world. They, in turn, can show you the love.

Or try developer Benjamin McDowell's Harmonica app, also 99 cents. Sure, it's odd putting your mouth on the screen. Fortunately, you can also play with fingers.

\*Diversions. I've enjoyed racing games that take advantage of the iPhone motion sensor, including Vivendi's Crash Bandicoot Nitro Kart 3D (\$5.99) and Pangea's Cro-Mag Rally (\$1.99). I also like Glu Mobile's recent release of a 3D marble puzzle called Bonsai Blast (\$3.99).

But as a casual gamer, I gravitate to titles such as Brain Toot (99 cents), which serves up vision, memory and other mind exercises. In one, while being timed, you must pick out the highest or lowest numbers from a series of numbers shown.

Semi Secret Software's \$1.99 Wurdle is a wordsmith's addiction, kind of like Boggle on the iPhone. Against the clock, trace your finger across a letter-filled board to spot as many words as possible.

\*Handy to have around. Want to convert kilometers to miles? Celsius to Fahrenheit? Fetch currency rates? Western ITS Limited's simple a2z Pro Unit Converter is free and a boon to folks who travel overseas.

The iPhone lacks a voice recorder. The 99-cent Retronyms Recorder adds the capability. There are a few ways to save recordings to a PC or Mac. You can e-mail a link or sync up recordings via Wi-Fi to listen in iTunes or another player.

Worried about adverse reactions? The free Epocrates Rx database can clue you in. You'll grapple with medical jargon, since Epocrates is aimed at health care pros. But the app can enlighten you about the drugs family members swallow. And if you've got a loose pill lying around, you might be able to identify it by entering its color, shape and other characteristics.

Looking for a new place to eat? Urbanspoon helps find restaurants near your GPS location. Shake the phone to spin three wheels, one representing neighborhood, the second, a food type, and the third, price. When the wheels stop, you've landed on a random listing with an eatery's phone number, address and reviews. The app is free.

Rather dine at home? The 99-cent Grocery IQ shopping list might help you bag the right ingredients. It has a 130,000-item database, right down to brand-name peanut butter, pretzels and pasta. You can choose quantities and sizes, and check everything off as you patrol the supermarket aisles. Or e-mail your list to whoever is shopping for you.

The free Google Mobile App has direct links to popular Google programs, including your Docs, News, Maps and

Oh, what fun it is to shop at the iTunes App Store; Transformers have nothing on iPhone USA TODAY December 11, 2008 Thursday

location-aware search. Google also can search your phone's contacts, calendars and so on. The gee-whiz feature is Voice Search. Hold the phone up to your ear and bark out a query. Results aren't perfect. Google recognized a search for "child-friendly restaurants" as "cadence-friendly."

As part of its free app, Amazon is experimenting with an interesting feature called Amazon Remembers. You snap a picture of a product with the iPhone camera; photos are stored at the Amazon site. Amazon will try to find a similar product for sale on the Web, even at rival sites. It identified images I snapped of Bose headphones and the Sling Media SlingCatcher.

Need help hanging a picture? PosiMotion's 99-cent A Level utility works in landscape, portrait or face-up mode. As with a real spirit level, you try to position the iPhone so the bubble is aligned in the center of the screen.

Talk about not being on the level. You're on a blind date that's soured and are dying for an excuse to bolt. The aptly named 99-cent Fake Calls app from Magic Tap is your ticket outta there. You can select the time a fake call will come in, customize the "caller's" picture and choose a ring tone. You'll have to devise your own excuse for making an exit.

E-mail: ebaig@usatoday.com

**GRAPHIC:** PHOTOS, Color (5)

LOAD-DATE: December 11, 2008





December 10, 2008



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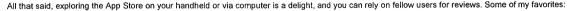
### The iTunes App Store is iPhone's killer app; free stuff

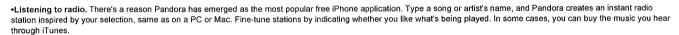
v!-- EdSysObj ID="SSI-A" FRAGMENTID="30348882" rberthol --> d < The killer app for the iPhone is — drum roll, please — the iTunes App Store. Five months after Apple launched its online emporium, I believe it even more, having downloaded a gaggle of programs, including some that transform my iPhone 3G into a harmonica, metric system converter and level

There are now more than 10,000 of these applications for the original iPhone, its 3G successor and in most cases, for the

I encounter buggy programs from time to time, but there are frequent updates to fix such snags.

And because of the drain on the battery, Apple still won't let developers produce apps that run in the background. So forget about listening to Internet radio while checking e-mail. I'm also waiting on an app that will let you shoot video.





The iPhone, of course, functions as an iPod. But your storage is limited. If you have gobs of music on your computer, consider Simplify Media. The \$3.99 program lets you stream (most of) your music collection and that of up to 30 friends.

Setup is simple, and though music sometimes is slow to start up, it sounds good. Simplify generally worked really well as I rode in and around New York City. (It works on Wi-Fi, 3G or pokier Edge networks.) You can view song lyrics and artist bios. But Simplify can't remotely play iTunes purchases that are DRM or copy protected.

How often have you heard a song on the radio or in a club but didn't know its name? Hold the iPhone up to the radio, and let the free Shazam app identify the tune, usually within 20 seconds. Shazam doesn't get it right every time. But it correctly tagged material as varied as Come On Over from Isobel Campbell & Mark Lanegan and Corcovado from Astrud

•Making music. Smule's addictive 99-cent Ocarina turns the iPhone into the ancient flute-like instrument. You softly blow into the iPhone's microphone and play notes by pressing and holding your fingers over any of four virtual on-screen holes. There are 16 possible combinations, and you can alter the sound by tilting the phone. There's even "sheet music" on Smule's website to play anything from Over the Rainbow to If I Were a Rich Man.

Ocarina is social. Tap a globe icon to rate performances from users around the world. They, in turn, can show you the love.

Or try developer Benjamin McDowell's Harmonica app, also 99 cents. Sure, it's odd putting your mouth on the screen. Fortunately, you can also play with fingers.

•Diversions. I've enjoyed racing games that take advantage of the iPhone motion sensor, including Vivendi's Crash BandicootNitro Kart 3D (\$5.99) and Pangea's Cro-Mag Rally (\$1.99), I also like Glu Mobile's recent release of a 3D marble puzzle called Bonsai Blast (\$3.99).

But as a casual gamer, I gravitate to titles such as Brain Toot (99 cents), which serves up vision, memory and other mind exercises. In one, while being timed, you must pick out the highest or lowest numbers from a series of numbers shown.

Semi Secret Software's \$1.99 Wurdle is a wordsmith's addiction, kind of like Boggle on the iPhone. Against the clock, trace your finger across a letter-filled board to spot as many words as possible.

Handy to have around. Want to convert kilometers to miles? Celsius to Fahrenheit? Fetch currency rates? Western ITS Limited's simple a2z Pro Unit Converter is free and a boon to folks who travel overseas.

The iPhone lacks a voice recorder. The 99-cent Retronyms Recorder adds the capability. There are a few ways to save recordings to a PC or Mac. You can e-mail a link or sync up recordings via Wi-Fi to listen in iTunes or another player.

Worried about adverse reactions? The free Epocrates Rx database can clue you in. You'll grapple with medical jargon, since Epocrates is aimed at health care pros. But the app can enlighten you about the drugs family members swallow. And if you've got a loose pill lying around, you might be able to identify it by entering its color, shape and other characteristics.

Looking for a new place to eat? Urbanspoon helps find restaurants near your GPS location. Shake the phone to spin three wheels, one representing neighborhood, the second, a food type, and the third, price. When the wheels stop, you've landed on a random listing with an eatery's phone number, address and reviews. The app is free

Rather dine at home? The 99-cent Grocery IQ shopping list might help you bag the right ingredients. It has a 130,000-item database, right down to brand-name peanut butter, pretzels and pasta. You can choose quantities and sizes, and check everything off as you patrol the supermarket aisles. Or e-mail your list to whoever is shopping for you.

The free Google Mobile App has direct links to popular Google programs, including your Docs, News, Maps and location-aware search. Google also can search your phone's contacts, calendars and so on. The gee-whiz feature is Voice Search. Hold the phone up to your ear and bark out a query. Results aren't perfect. Google recognized a search for



"child-friendly restaurants" as "cadence-friendly."

As part of its free app, Amazon is experimenting with an interesting feature called Amazon Remembers. You snap a picture of a product with the iPhone camera; photos are stored at the Amazon site. Amazon will try to find a similar product for sale on the Web, even at rival sites. It identified images I snapped of Bose headphones and the Sling Media SlingCatcher.

Need help hanging a picture? PosiMotion's 99-cent A Level utility works in landscape, portrait or face-up mode. As with a real spirit level, you try to position the iPhone so the bubble is aligned in the center of the screen.

Talk about not being on the level. You're on a blind date that's soured and are dying for an excuse to bolt. The aptly named 99-cent Fake Calls app from Magic Tap is your ticket outta there. You can select the time a fake call will come in, customize the "caller's" picture and choose a ring tone. You'll have to devise your own excuse for making an exit.

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IPhone and iPod owners are getting their game on

BYLINE: Alex Pham, Pham is a Times staff writer.

### BODY:

Within days of buying his iPhone, John Furrier discovered that his 13-year-old son, Alec, was sneaking off with the device and downloading games. To reclaim his phone, Furrier had to buy his son an iPod Touch, which Alec quickly filled up with Pac-Man, Magic 8 Ball and dozens of other games.

"When he's not playing on his Xbox 360, he's playing on the iPod," said Furrier, a 43-year-old entrepreneur and blogger in Palo Alto.

Apple Inc.'s iPhone is a cellphone, Web-surfing gadget and digital media player rolled into one. The iPod Touch is the same, minus the cellphone. But to many people's surprise, one of the devices' most popular uses is as a hand-held video game system.

Games have become the fastest-growing and most popular type of application for iPhone and iPod Touch owners, outpacing all other categories available on Apple's App Store. As of Friday evening, 7 of the top 10 selling applications for the devices were games.

"This was an amazing surprise to us to see how much games have taken off," said Stan Ng, Apple's senior director of product marketing.

Game developers have taken to the platform, creating nearly 1,700 games since the online App Store launched in June. That's more than twice the number available in the store's second-largest category, entertainment, which includes music and video.

Neil Young liked his iPhone so much that, in June, the 43-year-old gave up a lucrative job as a senior executive of Electronic Arts Inc. to start a small company that develops games for the iPhone and iPod Touch.

"I found that my iPhone was never very far away from me," Young said. "I was constantly checking e-mail, downloading apps, playing games, browsing the Internet. My personal usage was measurably different from any phone or game machine I've ever had before. It led me to think that there was a dramatically new market opportunity for gaming on a unique mobile device."

With funding from Maples Investments and Kleiner Perkins Caufield & Byers, Young founded Ngmoco:) Inc. in San Francisco. The strangely named start-up recently launched two games and is developing a dozen others. Its two titles, MazeFinger and Topple, are among the App Store's 10 most-downloaded applications.

It's not just independent developers drawn to the iPhone. Companies such as Electronic Arts, the world's largest game publisher, are also jumping on the bandwagon. EA's Spore Origins game, which sells at the App Store for \$9.99, uses the iPhone's accelerometer -- a built-in mechanism for detecting motion -- and its touch screen to let players navigate a virtual primordial soup. They tilt the phone and tap on the screen to guide their creatures in search of food.

Spore Origins' graphics are lush and realistic, making other cellphone games look primitive by comparison.

"The iPhone is essentially a computer in your pocket," said Tim Bajarin, president of Creative Strategies, a technology consulting firm in Campbell, Calif.

"Developers like it because it has the same operating system as a Mac, which makes it easy to program."

They also like the business model. For a 30% cut of each sale, Apple distributes games and other third-party applications through the App Store, which consumers can browse and download on a computer or directly on their device via Wi-Fi.

About 1 in 4 iPhone owners has downloaded games, compared with about 6% of all cellphone users, according to a study in July by Nielsen Mobile.

"The biggest impact is the App Store," said Barry Cottle, general manager of EA Mobile. "That was a real break-through in people's eyes. The store has beautiful screen shots, lots of room for descriptions and demos. That's making an impact for the industry, and it's creating renewed interest in gaming among mobile users."

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**GRAPHIC:** PHOTO: MOBILE: Games are the most popular type of iPhone and iPod Touch application. Above, SGN's iGolf game. PHOTOGRAPHER:SGN

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