

Exhibit B

5 Reasons Why Apple's iPad Tablet Will Fail

From Daniel Nations, About.com Guide January 26, 2010

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With the expected announcement of the iPad only a day away, the hype meter for Apple's tablet computer has been hitting ten all week. Not only have we been bombarded with rumors on what the iPad might look like and what type of applications will run on it, the media has gone so far as to ponder how it will revolutionize our lives by changing just about every aspect of it. (Apparently, it's going to replace my coffee maker and make me cinnamon toast in the morning.)

If there's one thing we can count on from the mainstream media, it how quick they can jump on the buzz bandwagon. And if there is one thing Apple does better than just about anyone, it is generating buzz around their products.

And Apple's new tablet may very well revolutionize the computing world, though I think it has a tough road before it. The iPad isn't exactly the first tablet computer, and we have yet to see any catch on fire. And while I think the day of the tablet computer will, there are plenty of reason why the iPad might fail.

1. It won't fit in your pocket.

Let's face it, many of us are walking around with the Internet in our pocket right now. And we're the iPad's main audience. As much as we'd love to take that pocket Internet -- be it an iPhone, a Nexus One or a Blackberry -- and stretch the screen until it more resembles a laptop than a smartphone, we'd still end up with the problem that it wouldn't fit in our pocket. This means the iPad is not the device we buy because we want Internet access wherever we go. That's why we bought our iPhone.

2. It's too expensive.

While we'll have to wait until tomorrow to see pricing options, it is a good bet that the iPad will run over \$400 with a contract and likely in the \$700 range without a contract. Again, a lot of us may already have a data plan and a two-year contract, so we might not want to subsidize the cost of the iPad. And for \$700 we could almost buy a Mac book. Heck, for that price we could get two netbooks.

3. It won't replace the laptop.

Let's face it, while the iPad's on-screen keyboard is going to be ten times better than tapping out messages on the iPhone, it is still going to pale beside a real keyboard. The biggest problem here is that the keyboard and the display are on the same plane, which might be fine if your are lounging on your couch, but is an ergonomic nightmare if you are hunched over the tablet at your local coffee shop.

4. You only get access to a watered-down Internet.

Remember those early iPhone commercials where they bragged about the iPhone giving you access to the 'real' Internet? Flash forward a couple of years and the iPhone is no longer the best way to hit the Internet. While new browsers like [Skyfire](#) support rich websites and can render just about anything, the iPhone still doesn't support Flash. And since the iPad is going to run the iPhone OS, that means the iPad may not support Flash-based websites. (This could mean no [Hulu](#) on the iSlate!)

5. No one really needs an iPad.

What it all boils down to is that the iPad doesn't fill a fundamental need. After all, when we forked out big bucks for the original iPhone, we were getting a phone and an MP3 player, which were two thing we needed. What are we going to get with the iPad that we don't already have?

Does this mean the iPad is doomed for failure? No. It simply means that Apple has their work cut out for them. A time will come when digital movies will be like digital music is now. A time will come when tablet computers are the big, new thing. So here's the real question: Is that time now?

Apple is betting it is so. And we'll find out soon.

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Comments

Otto(1)

What bothers me about your story is pulling my chain with the "5 Reasons why Apple's iSlate Will Fail" title and then ending with "Does this mean the iSlate is doomed for failure? No." That aside lets look at the points you raise

1) It won't fit in your pocket. Correct. One for the obvious. Remember those people dragging their Newtons around trying to use them to take notes at meetings? Remember Newton Holsters? The Newton had a host of problems that lead to its demise. Not fitting in your pocket wasn't one of them. Handwriting recognition, transporting of data to other computers, lackluster displays, minimal availability of applications all conspired to kill it. I think the iPhone model makes the pocketability issue moot.

2) Its too expensive We really don't know what the price is going to be yet. Is it a single price, or a range depending on configuration. I didn't buy into the first iPhone because of the price, but when the price cut came I had my 1st iPhone within a week (yes, 1st iPhone we've got more than one). Assuming this thing is in that \$700 price point I would agree that will stop a lot of people from buying one initially (a guy I know said someone at

the Apple store told him this thing was going to be \$3K. Obviously DOA). But even at the \$700 level Iâ€™ll see people wrapped around the block in March (or whenever) to be the first. After the initial surge its anyoneâ€™s guess how sales will go

3) It wont replace the laptop â€” Duh. When Iâ€™m lounging on the couch I donâ€™t have my laptop out (by definition, lounging means â€œnot workingâ€). Iâ€™m sitting with my iPhone playing games, reading news or whatever and browsing the net. Mostly finger swipes, very little typing

4) You only get access to a watered down internet â€” The whole â€œFlashâ€ thing with the iPhone OS doesnâ€™t seem to have impeded the iPhoneâ€™s success. But like multitasking we may see some sort of answer to this in the 4.0 OS (also a possible topic of tomorrowâ€™s â€œeventâ€). Not having flash on my iphone has been one of those thorns in the side just like when you find websites that you canâ€™t fully access with Safari. Its an annoyance and something to bitch about, but again, has not been a showstopper.

5) No one needs an iSlate â€” Says who? You? Steve Jobs will be there tomorrow to tell us what we need and dammit we WILL need it. I think this thing will be sold as the general purpose â€œapplianceâ€ for accessing media (music, tv shows, books, photos) around the house. How far this functionality goes beyond the home into the â€œcloudâ€ (God, I hate using that word) time will tell. If Apple correctly applies its lessons learned from the iPhone (pick the right price point, provide a robust application set for starters, provide easy access to your wallet with applications and content) then I think they can do with their slick marketing, sexy product packaging and the aura of Jobs what other companies could not do. Iâ€™m betting this thing will be a success. A monster like the iPhone? I donâ€™t know, but I donâ€™t see a flop. All this of course assumes the iSlate even exists. What a hoot if everyone was wrong.

January 26, 2010 at 5:12 pm

[Conrad](#) (2)

Like he said, the article's conviction did not live up to the headline.

That aside, 1. I don't care if it fits in my pocket. I have a Mac Air with me almost all of the time and that is no problem. 2. I don't think it's too expensive. My iPhone cost a lot more then any other phone it was competing with when it came out but because it was such a compelling device people paid it. Apple has a long history of getting premium pricing. 3. Maybe yes, maybe no but so what? And I think it will have a new and unique input option. 4. We don't KNOW what the OS is. 5. I bet we do. I have a feeling Steve will create a whole new sector like he did with the iPhone. Remember, he is on record saying no one needs a tablet.....but that was our old vision of what a tablet was. I believe they will create demand with the content and apps that become available.

I don't know if it will live up to the insane hype but I believe it will be a very compelling product and will sell very well. We'll know soon enough.

January 26, 2010 at 5:41 pm

Joe Mendoza (3)

You must think that Apple does not have a P.R. group. Wow you just ruined years of research.. What a genius! Tell Apple what works-then..

January 26, 2010 at 7:30 pm

cow (4)

The 5 were on my mind and i think are credible, ..BUT, I think he's missing the point that tablets are for heavy READING people who spent a lot of time reading and want to sit up when they do it. I have a thin low-wattage laptop, and will have a tablet and use them both. If I read for 4 hours I dont want to do it on a laptop.

January 26, 2010 at 7:44 pm

Biff (5)

He seems to know a lot about the unannounced islate. I'm thinking he doubted the ipod and iPhone as well. Oh look, my stock just jumped again...

January 26, 2010 at 7:56 pm

Biff (6)

Hey look! 5 reasons why your article sucked.
See above.

January 26, 2010 at 8:00 pm

cow (7)

last thought:

His best point is that 'probably' wont fit in your pocket. A 7" (or 6" even better) I think would be ideal to hold and slip in your pocket.

I joked to a friend once, "I want an ipod Touch 'double-wide'"

January 26, 2010 at 8:11 pm

[Wardell](#)(8)

I think you have some valid points, for this speculated device to be a main stream success and not just popular with typical fan boys and girls it will have to be competitively priced with net-books, and/or go far above and beyond the current capabilities of the iphone.

January 26, 2010 at 8:15 pm

john (9)

I guess all this speculation means sales of the IPod are falling.

Look, the Ipod did well since there were no competitors (except in the far east), and it came out before the music industry were able to stop pirating.

The Iphone has not been that successful, it is only a small portion of the phone market.

The ITouch has barely made an impact.

That stupid Mac that looked like a desk lamp was a flop.

See any pattern forming here ?

January 26, 2010 at 10:30 pm

Macfanboy79 (10)

The guy that did this article is just mad. AT&T told him he needed to put down a \$1000 deposit to get an iPhone because his credit sucked, but he couldn't afford that because he is a bad writer and a queer. It's ok little guy, maybe you can still get the BEST PHONE EVER., you can go to eBay and get one.. Refurbished.

And let me guess, you are working on an article as we speak about how apple will be releasing a CDMA version of THE BEST PHONE EVER for verison(crap phone company) — dude, just quit your gig, and kill yourself..

January 26, 2010 at 11:11 pm

John smith (11)

Be care apple us watching us

serious the islake has some amazing features if apple uses it's patent

for example

face recognition

apps like skype

work arrounds like google voice

can't wait for wed!

January 26, 2010 at 11:53 pm

[Andy](#) (12)

I think the tablet will be an interesting device. To me the biggest short coming on the iPhone is the lack of Flash and the number of web pages and videos that are crippled by it not being there. The tablet could excellent for field sales presentations if it has Flash. I guess we'll wait and see. It's always been interesting to me how YouTube movies work but not others.

January 27, 2010 at 8:03 am

Scaine (13)

There must be something about Apple products that automatically makes you hostile to any criticism of the company that sold you their kit. It amazes me how much vitriol apple-defenders spit out at any neutral/hostile blog.

You bought your product, you're clearly happy with it, now sit down quietly and enjoy it for a while.

January 27, 2010 at 8:47 am

Dan-Dan the Ladies Man(14)

@Otto: That's quite the assumption you're making about laptops. When I "loung" on my couch, I like to make sure my netbook is resting on my stomach, for web-browsing, music, games, etc. And I'll be able to enjoy them all at once- multitasking. In my opinion, a trackpad and a typing speed of 90 WPM can trump a touch screen any day. Anything the iPad can do, a netbook can do better.

February 1, 2010 at 8:00 am

manchesterjohn(15)

My friend, why are you busy smearing egg over your face?

February 2, 2010 at 2:57 am

kevwright(16)

To John (9)

>>The Iphone has not been that successful, it is only a >>small portion of the phone market.

Are you actually being serious? 40 million units? I would hate to be your kids, "hey Dad, all straight A's", "hell Son, that is NOT very succesfull you know"

>>The ITouch has barely made an impact.

No idea what this is, Apple do not make any such device.

>>See any pattern forming here

Yeah, I see some patterns, like the people who said the iPhone will fail are also saying the iPad will.

Lets see.

Kev

February 24, 2010 at 8:07 am

HTCLover(17)

@Dan, Dan, I bet he's never had a girlfriend Man.

OK, show me a Netbook that can run iPhone apps. You said anything right?

Too hard? OK, an easy one, show me the Netbook that can locate you with a built in GPS and allow multi-touch zooming of the maps? You did say anything right?

HTC

February 24, 2010 at 8:12 am

Splinters(18)

Show me an iPad that can multi-task. Nope, not available.

Show me an iPad that can accept USB drives and SD memory cards without having to buy a couple of extra dongles to carry around. Nope, not available.

Show me an iPad that can display widescreen video natively in full-screen mode. Nope, not available.

Show me an iPad that can render the vast number of web pages that now include Flash for navigation, header graphics, advertising, etc.. Nope, not available.

Show me an iPad that enables video chat sessions out of the box. Nope, not available.

Show me an iPad with a user-replaceable battery. Nope, not available.

Show me an iPad that has an ounce of revolutionary technology that doesn't already exist in other devices? Nope, not available.

The next generation of netbooks will make most iPad owners wish they'd waited 6 months.

Go back and watch the Steve Jobs iPad announcement. He was more impressed with what we can do on the Internet than the features of his new baby.

March 22, 2010 at 6:20 pm

Kevin(19)

yes the iphone is only a small percentage of the cellular market when you consider the whole worldwide market. the iphone is not the center of the universe people. nor is apple.

April 4, 2010 at 2:45 pm

David (20)

Splinters said: "The next generation of netbooks will make most iPad owners wish theyâ€™d waited 6 months."

Really?!?

April 8, 2010 at 2:20 pm

Giordano Bruno Bertagnin (21)

YOU failed, sorry.

May 17, 2010 at 12:55 pm

Michael David (22)

Five reasons why Daniel Nations failed:

1. The iPad is selling faster than hotcakes. As of July 1, the iPad has sold more than 2 million units since its April 3 launch. In fact, the sales numbers of the iPad are outperforming the iPhone, and that ain't hay. Uh, sounds like a success to me.
2. Apple's stock is soaring because of the iPad sales, and in response to others trying to sell tablet-based devices, making it the biggest gainer among tech stocks on the S&P 500.
3. Even Microsoft admits it's a success and is drooling to try to do the same:

From Fortune magazine yesterday:

"Microsoft Chief Executive Steve Ballmer said Thursday that the software giant is urgently working with its partners to unveil a host of tablet computers running Windows 7, to compete with Apple's fast-selling iPad.

At a meeting with financial analysts on Thursday, Ballmer outlined the company's strategy to catch up to Apple and Google in the consumer space. He said Apple is doing an "interesting" job with the iPad and has "sold certainly more than I'd like them to sell." As a result, Ballmer said his company's "job one urgency" is bringing Windows-based tablet computers to the market.

Some analysts remained skeptical.

"Microsoft will have to pull a rabbit out of a hat to compete with Apple," said Al Hilwa, applications development software program director at IDC. "Apple has a less-is-more strategy to broaden its consumer approach with the iPad. Microsoft is committed to running Windows 7 on tablets, which is a concern."

4. Tech analysts and pundits now agree, Apple has created a brand new market for tablet-based devices where previously (people like Daniel Nations) believed there was no market. Also from Fortune mag:

"...many analysts are predicting that the tablet space will be one of the fastest-growing tech segments this decade, alongside smartphones. That makes Microsoft's urgency all the more palpable".

5. Daniel Nations owns one himself and admits it's "a hit"... In his article "Is Netflix the worst iPad app?" He write:

"...Flash forward over three months later, and while the iPad has been a big hit."

What was that, Daniel, "a big hit"? Time to eat your words, Nations... if you've got the guts. 😊

I think we can now safely say that it is Daniel Nations that failed, not the iPad.

August 2, 2010 at 12:28 pm

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