

# Exhibit 4

**Apple to Launch 3G iPhone at \$199**

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Comment by [Shiv Bakhshi](#)

At its [Worldwide Developers' Conference at Moscone Center in San Francisco](#), Apple announced that it would be launching its 3G iPhone in 22 countries on July 11, reaching a total of 70 countries across the globe in subsequent months. The iPhone has been officially launched in six countries to date.

In sharp contrast to the launch price of the current iPhone, the 8Gb 3G iPhone will be priced at \$199, with the 16Gb version priced at \$299.

The 3G iPhone will be a shade thicker than the current EDGE version (at 12.3 mm vis-à-vis the 11.6 mm of the original) but will be thinner at the edges to give it a sleeker look. The new phone will have a 3.5 inch screen like the original version, but a better battery life. Per Apple, the new device will have a stand-by time of up to 300 hours, 3G talk time of up to 5 hours, browsing time of up to six hours, as well as up to 20 hours of audio and even hours of video.

The 3G iPhone will support tri-band HSDPA and quad-band GSM/EDGE connectivity on the cellular side, as well as 802.11 b/g for WLAN. The Bluetooth 2.0 device will also come equipped with GPS (Global Positioning System) capability; Apple sees location-based services and navigation as major applications, in both the consumer and the enterprise contexts.

At the conference, Apple also officially announced iPhone 2.0, the new software platform for its smartphone which it had unveiled in March earlier this year, and which will be available in early July. The company also discussed its SDK and emphasized the iPhone's push in the enterprise space with its support for Microsoft Exchange that enables enterprises to push e-mail and sync contacts and calendars over the air. The company also announced its support for Cisco IPsec VPN for encrypted access to corporate networks.

The software platform includes a software developer kit (SDK), complete with native APIs that application developers may use to write mobile apps, including apps that take advantage of the iPhone's multi-touch and multimedia capabilities. The platform also allows full contact search, language support for several European and Asian languages (including finger writing for Chinese characters), a scientific calculator and parental controls. Apps under 10 Mb may be downloaded on cellular and WiFi networks as well as through iTunes; apps over 10 MB may only be downloaded through WiFi Networks and iTunes.

The company invited a whole slew of partners to demonstrate how well its device and the software platform lent themselves to a wide variety of applications, from location-based services, photo blogging and social networking to health services, music, education and gaming. IDC believes that the iPhone mobile platform will attract a host of developers to its mobile platform, particularly those geared to exploit its multimedia capabilities.

The company said developers will be able to sell their applications for 3G iPhones through its online App Store that can be accessed by users in 62 countries.

Apple also announced MobileMe, a web service that company officials characterized as "having Exchange for the rest of us." The service allows individuals and small and medium-sized enterprises to get push e-mail and synchronize calendar and contact information wirelessly on the go. The MobileMe service also

accommodates sharing of photos and documents. The service replaces Apple's .Mac (dotMac) online service. Current .Mac users will be automatically upgraded to MobileMe.

IDC believes Apple's push into the enterprise space and the launch of the MobileMe, which addresses individuals and SMBs, is a timely move in the right direction. It recognizes, appropriately, the increasing blurring of boundaries between consumer and enterprise usage, and the fact that improved device attributes — such as displays, storage, processing, etc. — might equally profitably be placed in the service of efficiency as well as entertainment. Apple's push in the enterprise and prosumer space will likely benefit from its partnership with AT&T, which is fairly well entrenched in, and aggressively seeking to grow its presence in, this space. IDC's review of the Apple SDK and the company's enterprise push may be viewed at [iPhone Open for Business with SDK Release and Corporate Email \(IDC #211307, March 2008\)](#).

However, the big news of the day was not the expected announcement of the 3G iPhone but rather the price point at which it will be available across the world and the geographic scope of its distribution (i.e., its launch across 70 countries presumably by year end). IDC believes Apple has done well to price the 3G iPhone at \$199/\$299 since this will make it more affordable for consumers and likely drive mass adoption of the device and, with it, specially given the appealing user interface and the associated ease of use, likely drive mobile data usage.

IDC believes at this price point, the iconic iPhone — which has captured the world's imagination — might well emerge as a seriously disruptive influence for some of the more established device vendors whose high-end devices are priced between \$500 and \$800. On the positive side, however, the 3G iPhone should help usher in — actually, speed up — a culture of mobile data consumption that should have a salutary effect on the industry.

The operators should see greater data usage, and hence higher ARPUs. Competing device vendors should benefit from consumers' heightened awareness of the possibilities of mobile devices, particularly the smartphones. A rising tide does tend to raise all boats after all — although not in the same manner and not to the same extent. But some of the leading device vendors, with their sophisticated user segmentations and broad product portfolios, may be well positioned to exploit the heightened awareness created by Apple to their own benefit.

The event was remarkable as much for what was announced by Apple as for what was left unsaid. There was no mention of a changed business model, for instance. The 3G iPhone will not come wrapped in the same revenue share model that Apple enjoyed with the launch of the current iPhone last year. Not every operator across the world is particularly keen to enter in the data plan revenue share model, in part because of competitive pressure in their respective countries and in part because of low operating margins and low ARPUs. This is specially true in emerging markets of Asia and Latin America.

AT&T in the US, seeking greater data usage and driven by a desire to further reduce customer churn, has said that it will subsidize the 3G iPhone — like it subsidizes most of the other mobile devices it offers its users. Customers will have to sign up for a two-year contract as well as a \$30 monthly unlimited data plan to get the 3G iPhone at \$199/\$299. Revenue share on specific services that may be offered through iTunes is still unclear. It is unclear whether, and to what extent, might the 3G iPhone be subsidized in different countries.

Also unclear is the way the device activation will take place on different networks across the world. Apple had made history by wrangling away from its first operator partner, AT&T in the US, the privilege of activating a mobile device on the operator network. Since then, some things have changed. In some countries today, device activation is initiated in the store but completed on iTunes. It is not clear how this will work in many of the countries where Apple plans to take its 3G iPhone, given that Apple does not have iTunes presence in some of these countries.

One can only assume that Apple's intent to roll out the 3G iPhone only gradually in countries that are not on the July 11 list is informed as much by the need to firm up the details of operator contracts as by the desire to build an iTunes presence in those markets.

But while there are many things that are still unclear, and various details that have yet to be worked out, and shared, one thing seems clear: With its 3G iPhone, specially at the announced price point, Apple may yet once again significantly redefine how we interact with and consume information in the mobile environment.

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