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iPhone Calls On Software Developers

**Apple's App Store Will Create
A Marketplace for Anyone to Sell
Downloadable Games, Tools**

By NICK WINGFIELD
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A much-anticipated new version of the iPhone will go on sale Friday, but **Apple Inc.** will at the same time take the wraps off another offering that could have a more lasting impact on the mobile phone business.

The Cupertino, Calif., company will open its App Store, an online bazaar that will attempt to do for mobile applications like games, reference guides and other software what Apple's iTunes Store has done for music. Software developers and analysts say Apple's method of distributing mobile applications -- along with sophisticated capabilities of the iPhone -- represent one of the most ambitious efforts yet to refashion mobile phones into something closer to personal computers.

In an interview, Apple Chief Executive Steve Jobs said he believes the iPhone represents a rare launch of a new computing "platform," as evidenced by a rush of iPhone software development by other companies. He said past efforts by rivals to establish new mobile software platforms resulted in mostly anemic applications.

"There's been nothing on a mobile phone a fraction as good as what's on PCs," Mr. Jobs said.


Yet Apple is hardly alone in its ambitions to create a pre-eminent technology for mobile software developers, joining a list of determined rivals that includes **Microsoft Corp.**, **Google Inc.** and others. Scott Rockfeld, group product manager for Microsoft's mobile communications business, said developers who have created more than 18,000 applications for handsets that use Microsoft's Windows Mobile operating system would "very much disagree" with Mr. Jobs's comments.

WSJ's Walt Mossberg talks about the new Apple iPhone's App Store and shares his take on 10 of the new applications. (July 14)

Despite Apple's efforts, analysts expect mobile-software development to remain fragmented. That has downsides for software makers who must retool their applications for different phones.

The dominance of Windows in the PC market has drawbacks -- such as less competition to spur innovation in operating systems -- but it has also provided software developers with a standard to use in targeting a broad audience.

VIDEO



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- [Apple's 3G iPhone: Complete Coverage](#)²

"This is what the market for PCs would look like had their been no Microsoft," Ken Dulaney, an analyst at Gartner Inc., said of the current mobile-software landscape. "Nobody's particularly strong."

Still, Mr. Dulaney said the level of interest in making software for the iPhone is "white hot" and could help enhance the appeal of the iPhone. "You don't see this kind of phenomenon very often," he says.

The Silicon Valley venture-capital firm Kleiner Perkins Caufield & Byers in March announced a \$100 million fund to invest in start-ups with an emphasis on iPhone software development. Mr. Jobs said he was aware of two other venture firms with similar plans, though he declined to name them.

One of the new wave of iPhone start-ups is Big Canvas Inc. of Bellevue, Wash., a firm creating a social-networking application for the iPhone that uses photos. Satoshi Nakajima, CEO of Big Canvas, said the development tools Apple offers for the iPhone, which are derived from technology underpinning Apple's time-tested Macintosh operating system, are the best he has seen for mobile software developers.

Mr. Nakajima, a former longtime Microsoft software engineer, also praised the App Store, Apple's channel for distributing software to iPhone users, which he believes will give greater visibility to unknown software developers than has been the case with other mobile phones.


Some of the companies that have found lucrative slices of the mobile software market, like Epocrates Inc., a San Mateo, Calif., start-up that makes mobile reference guides for doctors, said the technology behind the iPhone, including its graphics horsepower and large storage capacity, opens up new possibilities for them. "It's more like the power of a computer, now in your hand-held," said Kirk Loevner, chairman and CEO of Epocrates and a former Apple executive.

Applications taking advantage of whiz-bang features of the iPhone include a version of Sega Corp.'s Super Monkey Ball, a game that uses the phone's built-in "accelerometer," which senses whether users are changing the physical orientation of the phone in their hands. Players of the game attempt to navigate mazes with a ball by tilting the iPhone.

Another application, **Pelago Inc.**'s Whrrl, employs location-sensing technology inside the iPhone to alert users when friends are nearby, or when the users are passing restaurants, clubs and stores that have been recommended by friends.

The App Store will be an icon on the home screen of every iPhone, and some 500 applications will be available on Friday from companies like Facebook, **eBay Inc.**, America Online, Sega and Bloomberg. About a quarter of those applications will be free to download, and of the rest, 90% will cost \$10 or less,

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Aiming to buy the new iPhone, Dane Sjoblom waited in line with his daughter in front of the Apple Store on Fifth Avenue in New York City Wednesday.
Getty Image

Mr. Jobs said.

Apple has said it will take a 30% cut of the sales for iPhone applications, leaving 70% for developers. Mr. Jobs doesn't expect Apple to make much money off the App Store once the costs of running it are deducted, though he hopes it will boost iPhone sales. "I think it will generate a lot of revenue, but not much profit," he said.

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