

# iPhone 3.0 & iPhone 3G [S]

## A brief overview & analysis

Date: June, 2009

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# Summary

## iPhone 3.0 software

I decided to write this document because I did some reading and watched the iPhone 3.0 video (found here, at <http://tinyurl.com/dxekah>). But who has time to sit through over an hour of video these days? To save you some time, I have detailed the highlights below and some analysis of what this means to you, including references to key time segments of the video so you can go straight there without having to see the whole thing. Summary is here [\[01:22:10\]](#).

There are also some insights into iPhone, and why you should care about it more than you think you should.

The short answer is that the new improvements in 3.0 make an already great product even better. There really is no excuse for brands not to have a presence in the app store.

## iPhone 3G S

The name reminds me of the Porsche Boxter S or the Aston Martin DBS. Not sure if that was what they were going for. Anyway, the new phone was announced on 8<sup>th</sup> June at WWDC.

Details are here: <http://www.apple.com/iphone/iphone-3g-s/>

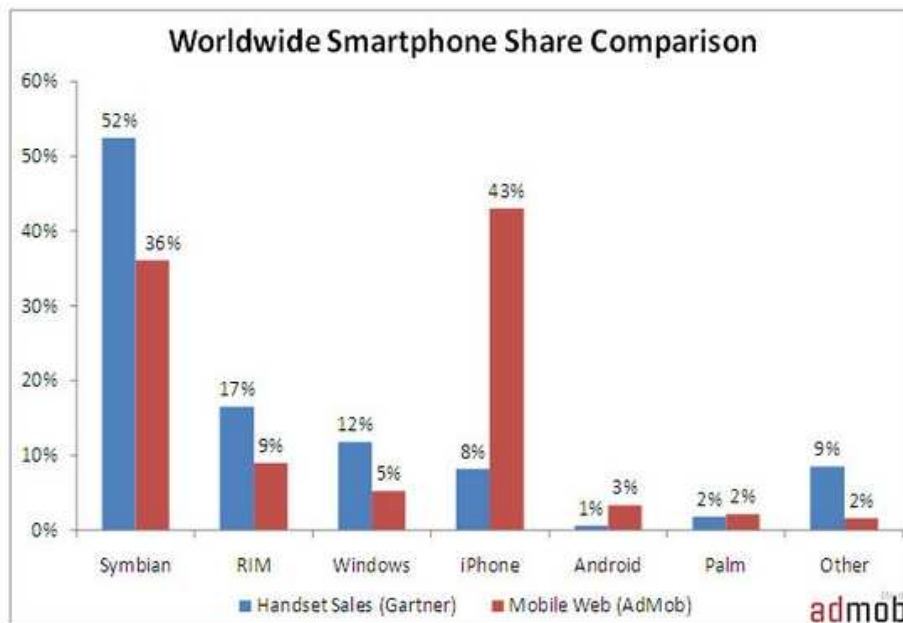
The main points:

- 16GM and 32GB versions will be priced at US \$199 and \$299 respectively. Old iPhone 3G will now be US \$99.
- Faster than the 3G version due to more RAM etc
- Better camera (3 Megapix – which is all you need) and video capability (This is big news, and more significant than people think it will be due to the ease of taking and uploading video. We will see a big increase in UGC activity; it's the key reason many will buy it)
- Apart from that, the 3G iPhone with 3.0 software does pretty much the same things that the iPhone 3GS does, but the old model is a little slower and has a lower quality camera

## Key Statistics

- **30+ million** iPhones and iPod touches, and growing
- **In 80 countries** This excludes China, but our man on the ground there tells me there are large numbers of cracked iPhones in use
- **45,000 apps** and **over 1 billion downloads** from the app store so far
- **iPhone 3.0 SDK** was released for the developers on St. Patricks Day 2009, and will be pushed out to everyone's phones **this summer**
- **iPhone apps** are now being **approved within 2 weeks**
- I could go on, but the short answer is that the iPhone really needs to be the centerpiece of your digital strategy - It is the quickest way to start doing something with proven results

I feel this graph is the most important:



What this means is that despite having a small number of total devices, iPhones are used more for mobile web searches than any other device. Almost HALF of all traffic is generated by 8% of devices in the market.

This is largely contributed to:

- **Design** of the iPhone is far more attractive, sleek and cutting-edge in comparison to all others at the moment. Users are excited, proud of their devices and want to interact with it.
- The **usability** of the iPhone is far better than all other phones. They just spent more time getting it right.

I know people who switched from a high-end Nokia perfectly capable of web browsing, but only first started when they got their iPhone. This may not be the case forever but it is certainly the case now.

Apps are a similar story. The Blackberry app store is a very poor cousin to the iPhone store, no comparison really, and Nokia Ovi Store will take a while to gain traction, even though both have potential.

## Summary of 3.0 new features

This section will loosely follow the video, and if you want to see more you can go straight to the time listed.

### In app purchase [00:11:00]

This means you can buy extra stuff without leaving the app. You set the price, get 70% of it back and Apple pays you monthly. Apart from extra game levels, the big winners here are **magazines**, and in particular, magazine publishing groups.

There are two reasons for this:

- **You only create one app**, and then sell each edition of the magazine. You can get revenue straight away without relying on mobile advertising, which won't bear fruit until 2010/2011 (my personal opinion). If you want that route, go for a 6 to 12 month sponsorship with one of your best advertisers.
- This spring The Audit Bureau of Circulations (in the USA) recently began allowing non-replica versions of magazines to count towards **paid digital circulation**. This means your iPhone magazines can boost your circulation numbers (and therefore your ad rates).

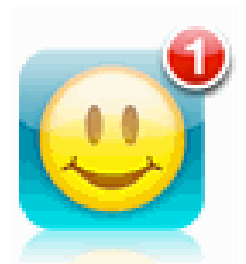
For city guides, or groups with many titles, check out [00:12:00]. Having one main app means revenue potential is far higher than creating individual apps per issue, AND you get to cross promote.

Any magazine or magazine group that isn't taking advantage of access to 30 million people, and the easy payment mechanism that this new channel provides, are really missing out on a great opportunity.

### Push notification [00:22:00]

This is one of the best features of the 3.0 software. It allows the application to send you an alert, which you can then click on to go into the application (either on a pop-up screen, or in the SMS inbox). If you look at usage patterns of applications, people stop using them fairly quickly. These reminders are good ways to reduce this.

Check out how **ESPN** is sending over 50 million push notifications a month for sports [00:39:15]. Very cool. If you do alerts, have a look at how ESPN are doing it and copy them!



Another cool thing is that you get to assign your own sound to the push notification.

## Accessories [00:18:00]

This lets developers design for accessories. This new API lets you control the accessory from the iPhone. An example of this is a graphic equaliser to control a speaker that you plug your iPhone into.

The main winners here are the **medical devices** companies. There is a good example of what Johnson & Johnson is doing at [00:43:30]

So what if you can do much of the same with other devices? The key point is that iPhone is much easier to use, and looks good. For older people, this is what they need. Until the iPhone, high end devices perplexed the older generation (and when I say older generation, I of course mean anyone over 30!)

## Maps [00:19:05]

We can now use Google maps within iPhone applications including location based information (with GPS, Wifi and cell tower triangulation for non 3G devices). The maps are free; you don't need to buy or license your own maps, you use Google's, which are the standard these days.

Knowing where you are opens up one of THE key values of mobile, so the big winners here are any applications that direct you somewhere. **Restaurants, Hotels, Shops, events, parties** etc... Finding out where you are now, and where you need to get to is far easier now.

Palm Pre has full turn-by-turn directions with their GPS, which 3.0 does allow IF you bring your own maps. This is great news for people like Tom Tom and NavMan, as they have 30m potential new customers. And app purchasing means that they can make their money on the additional maps needed.



## Peer to Peer [00:14:50]

This is great for games where you want to play against other gamers near you. But it is also great for business.

The great thing here is that it connects over Bluetooth with automatic discovery and no pairing. This makes things easy. I don't care what anyone says, Bluetooth up until now has just not worked. We have been working with it for six years.

So the big winner here in my opinion is brand-sponsored games or business applications where the main areas of business are in big cities like London, New York or anywhere where there will be more than one iPhone out there. I ride the subway from Brooklyn to Manhattan every morning, and see at least three other iPhones.

## Other cool customer features [01:03:00]

- **In app email** – will mean that viral spreading of apps or content from apps becomes far easier
- **Streaming audio and video** – iPhones now becoming radios, and all radio stations must build front ends
- **iPod access** - so you can access the songs from within your app; great for personalized applications  
[\[00:34:00\]](#). In SIMS3 you can buy a stereo in game and play your own songs through it!
- **Landscape keyboard** – a big criticism of the iPhone compared to Blackberry was the keyboard. JD Power recently rated the iPhone number one in customer satisfaction among business users so don't be surprised to see Blackberry overtaken soon for this demographic [\[01:11:50\]](#)
- **MMS** – this is now supported, which allows the sending of video and multiple images; great for news for companies who want to do UGC campaigns [\[01:12:20\]](#)
- **Universal search** – lets you type in a search word, find it within emails, notes, songs, apps... everything [\[01:17:32\]](#). Probably a reaction to Palm Pre's similar functionality but pretty good nonetheless.
- **Copy and Paste** – you can now do this from anywhere to anywhere [\[01:09:22\]](#)

## Key points to bear in mind

**Don't go cheap.** To quote my Singaporean camera sales guy *"you want cheap?, is no good... you want good? Is no cheap"*. We have clients go for the cheap option quite a few times. One had to completely rebuild their app, and the other is still waiting for it to deliver three months later. Don't pinch pennies on this; you wouldn't with your corporate website, and you shouldn't with your iPhone app.

**Use professionals.** If you can find an independent iPhone developer who is good and professional, then great. If he or she is a good designer, even better. But from our experience the best iPhone freelance guys are working for themselves, becoming rich enough by building their own games, and if they mess it up, you are left with no redress.

Put together a **financial model** for when the project will break even. If you use US \$50k+ as a ballpark for a reasonably good app and sell it at \$1.99, you know that you need to sell 34,000 apps to break even. Throw in sponsorship, and you can be making a profit before you even start the build. This is absolutely possible, and we have seen it work a number of times.

**Consider other applications.** If you are building an iPhone, keep the wireframes, walkthroughs, designs etc. for Android / Blackberry / J2ME apps. Don't pay for separate builds where you don't have to. Technically since iPhone is written in C and the rest are based on Java you will need separate builds, but many elements will be the same.

## About TigerSpike

TigerSpike is a global personal media company with a specialization in mobile and social media. With a core focus on being "Creative" and "Cutting Edge" our work has resulted in many awards; most notably 55th Fastest growing technology company in Asia (Deloitte's Fast 500 – 2008), Digital Services Company of the Year (B&T 2007), and Gold for Best Mobile Platform (MIXX in New York 2007)

Our Service Delivery Platform, Phoenix™ supports international digital campaigns, underpinning partnerships with companies that need to manage their mobile and social media campaigns on a global scale. Whether it is enterprise mobile solutions for fortune 500 companies, iPhone apps or SMS campaigns, we deliver on time and to budget

Run by the founders, TigerSpike has grown organically since founded in 2003, and is 100% privately owned and independent.

## Contacts for further discussion / information

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