



The TarMac Vaporware Gazette

all the news that's fit to download!



Brian Fountain, pres. • Tom Davis, v-p • Ray Kallman, treas. • Jamie Lewis, master-at-arms • Jan Cook • Lynn McAlpine • Lyle Sanders • Frank Smith, board members
 If you show up you're a member • If you speak up you're an officer • If you stand up you're the president • homepage.mac.com/tidewatermug • tidewatermug@mac.com

Analyst: Demand for Mac Strong, iPod Weakening

Jim Dalrymple - MacCentral
 Wed Apr 19, 2006

Market research firm Cowen & Co. recently completed a consumer survey that has some good and bad news for Apple. The report shows that despite cautious PC demand, the outlook for the Mac looks strong; the potentially bad news is the report shows a significant slowing in growth of the iPod. The findings have led the company to maintain a Neutral rating on Apple's stock.

"We are maintaining a neutral [rating] because it is not a cheap stock," Richard Chu, Cowen & Co. Managing Director, told Macworld. "We think Apple is incredibly positioned strategically, but it's incumbent on the company to keep on delivering pretty dramatic surprises quarter after quarter. That gets tough to do."

While it is difficult for a company with the market share Apple has in the iPod segment to keep up with ever increasing pressure to grow, Chu feels that Apple could potentially pull more customers into the fold with new products.

"Apple certainly has the capacity historically to consistently surprise and that may inject new people," said Chu. "However, there is a clear caution flag that we ought to be prepared for growth rates to fall."

Chu doesn't expect iPod sales to fall through the floor, but indications from the survey show that the iPod is stabilizing instead of expanding. Even with that Chu said, "Apple's iPod will likely continue to maintain a very substantial share lead over all other competitors."

The Mac future is looking good

Chu said that 23 percent of respondents to the company's survey indicated they have no plans to buy a computer in the next 12-18 months, that is the lowest number the company has seen in a survey since late 2003.

However, Apple fared much better among definite buyers. The Mac among definite buyers lifted from 6.1 percent in Oct. 2005 to 7.0 percent in December 2005 and 7.8 percent in the most recent survey (April 2006). Planned purchases for Apple's notebook since the launch of the Intel-based MacBook Pro has gone from 7.5 percent in December 2005 to nearly 10 percent in the April survey.

Chu said the Intel transition has been good for Apple. "A substantially higher percentage of respondents (8 percent) indicate that they are more likely to buy a Mac over the next 12 to 18 months as a consequence of Apple's decision to migrate to Intel," said Chu.

Boot Camp "Resoundingly Positive"

Chu characterizes Apple's move to include dual-boot support with Boot Camp as "resoundingly positive." Twenty percent of respondents to the survey said that Boot Camp makes it more likely they will buy a Mac in the next 12-18 months. Many people speculated that with the release of Boot Camp Apple had the potential to sell more hardware — Windows users that wanted a Mac but had to use a Windows-only application could now have both in one machine. Although it is still very early on, that may be working.

Among respondents with definite plans to buy a PC in the next 12-18 months, 42 percent registered a more likely vote for a Mac purchase because of the ability to dual-boot.

"Not surprisingly, virtually all respondents who indicate that Boot Camp will influence their Mac buying plans say that the impact will be positive; plainly, with disk and main memory continuing to commoditize, the ability to run Windows and Windows applications even with all the shortcomings of Boot Camp (relating to the necessity of re-booting, XP rather than Vista, etc.) as it is presently envisioned, is viewed as a positive rather than a negative," said Chu.

Lots of room for Apple growth

Apple has made some small attempts to judge consumers reaction to an Apple branded digital home theatre application. An expanded Front Row is what many speculate will power the Mac mini as Apple's answer to a centralized home theatre component.

Chu isn't worried as Apple continues to dip its toes in the home theatre market as others like Microsoft leap headlong into the segment. He said it Apple will release its products when they are good and ready to do so.

"Apple has a strong desire to be a major player in the home, but they haven't played their cards yet," said Chu. "They have been very careful to bring together a value proposition that's consistent with everything else that they do, which is easy to use and integrated."

Oracle Says May Launch Own Linux Version

April 17, 2006 Reuters



Software maker Oracle Corp. is considering launching a version of the Linux operating system and has looked at buying one of the two firms dominating the technology, the Financial Times newspaper reported on Monday.

Tonight's Agenda

- 6:45 Help desk with Tom
- 6:45 **Magic Time!**
New members - Brian Dues (\$3) - Frank Industry news - Lyle

7pm **Buy, Sell, Trade**



8:00 Wrap-up - Brian



Please consider dining at C&M. With more diners, we ensure that meeting costs remain low. **Thank You!!**

The report, citing an interview with Oracle's chief executive officer Larry Ellison, said the move would redraw the software landscape and open a new front in Oracle's long rivalry with U.S. rival Microsoft Corp. It said Ellison told the newspaper that Oracle wanted to sell a full range of software that, like Microsoft, included both operating system and applications. "I'd like to have a complete stack," Ellison was quoted as saying.

"We're missing an operating system. You could argue that it makes a lot of sense for us to look at distributing and supporting Linux." The report said that like IBM, Oracle has counted on Linux -- an open source system whose code is open to anyone to view and adapt -- to act as a counterweight to Microsoft's Windows, which has expanded rapidly from desktop PCs into corporate IT systems. As part of a recent study of the open-source software market, Ellison told the newspaper that Oracle had considered buying Novell Inc., which after Red Hat Inc. is the biggest distributor of Linux.

Apple Could Double Market Share on Microsoft Defections

Jim Dalrymple - MacCentral
Thu Apr 13, 2006

Consumers are so distrustful of Microsoft that Apple could double its market share due to defections from the Windows operating system, a report by market analysis firm Forrester Research says.

The remarks come in a report that looks at brand identity and the importance of a company's brand. The report also studies the effect a company's brand has on the pricing of its products and the demographics of those that purchase the products.

Over all, only Apple and Tivo saw their brand trust rise in the last two years, according to the report. The final tally saw Bose, Dell, Hewlett-Packard, Panasonic and Sony earn the highest marks, while Microsoft, Gateway and LG ranked lowest. The low scores for Microsoft could mean good news for Apple as consumers showed their distrust of the Redmond-based software-giant.

"Microsoft faces big consumer defection risk: One measure of consumers' dissatisfaction with Microsoft is seen in the 5.4 million households that gave it a brand trust of 1 (distrust a lot) or 2 (distrust a bit)," the report said. "Compared with all Microsoft users, these at-risk users have higher income, are much more likely to be male and are bigger online spenders. These households know they run Microsoft software but would be just as happy to leave it behind — if they could. Apple could double its PC share by winning Microsoft's at-risk customers."

The demographic of Microsoft's at-risk customers fits well with Apple's user base, which Forrester describes as "affluent, optimistic about technology and brand aware." The study was also done before Apple gave users of its Intel-based Macs the ability to run Windows natively on their computers using a dual-boot configuration.

Forrester had a couple of findings in the report that may be worrisome. One finding is that Apple's brand recognition fails to encompass the iPod.

"The Apple brand adoption data looks wrong — after all, the company has sold 42 million iPods, far more than the 5.2 million households that claim to use the Apple brand regularly — until you realize that 'Apple Computer' is not the same brand as 'iPod,' the Forrester report said.

Forrester says that Apple should link the iPod more strongly to the Apple brand in future advertising. This would also link potential customers to the higher margin computer products.

The second problem for Apple is the big differences between its regular users and its aspiring users. While Apple users may be affluent and optimistic, aspiring Apple customers have lower incomes and are more pessimistic about technology in general.

Apple has been trying to reach entry-level customers with products like the Mac mini, but the report says they need to continue to reach out to consumers.

"Those who plan to use Apple in the future have on average a third less income and bigger families," said the report. "To reach these 7 million US households, Apple must continually remind them that its pricing is competitive and its products are accessible to everyone."

For iPod Fans, Here's Wheel Satisfaction

Seth Hamblin [Washington Post](#) April 16, 2006

Pod fanatics might find inspiration in the upcoming season of MTV's "Pimp My Ride," the show where old junkers are transformed into flashy, over-the-top bling-mobiles. The show will incorporate iPods into more than a third of its transformations, including a 1990 Toyota Celica outfitted with an iPod hookup that includes a ridiculously capacious two-terabyte hard drive — enough space to play music for more than a year without repeating a song. Few consumers will go to such extremes to pump the music on their iPods through a car's stereo system. But ordinary folks do have options when it comes to bringing their rides into the iPod era, without breaking the bank or going through major installation hassles. The gold standard for converting a car into a two-ton iPod accessory is what Apple Computer refers to as "iPod connectivity," which means that a single, tangle-free dashboard jack simultaneously pumps high-quality audio out of the iPod and keeps it juiced up while allowing tracks to be selected directly from the car stereo or controls on the steering wheel. The iPod, itself, can hide in the glove compartment or nestle into a convenient holster on the dashboard.

Achieving true connectivity takes varying levels of effort, though, depending on whether the car is a fusty old hand-me-down from Dad or a stylish new whip. Many carmakers are starting to offer iPod integration jacks straight off the lot as an optional accessory. More than 40 percent of all cars sold in the United States in 2006 will offer integration, Apple said. The list includes the Honda Accord, Dodge Caravan, Chrysler Sebring and all Toyota Scions.

Apple Sued for Patent Infringement

2

[burst.com](#)

Jim Dalrymple - MacCentral
Mon Apr 17, 2006

Burst.com filed a patent counterclaims lawsuit in the Federal District Court in San Francisco on Monday accusing Apple of infringing on four of its patents. Burst claims that Apple's iTunes Music Store, iTunes software, the iPod devices and Apple's QuickTime Streaming products are all affected by the patents.

Burst filed the suit in response to an Apple filing earlier this year asking the courts to rule that Burst's patents were invalid and as such Apple did not infringe on them. In its counterclaim Burst is asking that Apple pay a reasonable royalty for its infringing products and services — Burst is also seeks an injunction against further infringement.

Burst said in the filing that its technology has been essential to Apple's success, providing it with a critical audio and video-on-demand media delivery solution. Burst's Chairman & CEO Richard Lang said the company did not want to settle things in court, but will enforce its patent.

"We have a responsibility to protect our patents and to seek a fair return for the many years and tremendous investment that we have made in developing Burst technology and patents," said Lang in a prepared statement.

Microsoft settled a similar lawsuit brought by Burst in March 2005. Microsoft paid Burst \$60 million for a non-exclusive license for the patents.

Lang speculated that Apple might have assumed that Burst's patents would be invalidated in Microsoft's defense of the then-pending litigation. "While we had hoped to avoid litigation and negotiate a reasonable license fee, it is Apple's own actions that have forced our hand," said Lang. "We now look to the courts to reaffirm Burst's rights as innovators and to be paid fairly for our widely acknowledged contributions to the industry."

An Apple representative was not immediately available for comment.



the macintosh user group store
www.appleugstore.com
-04/30/06
User ID: **User**
Password: **Group**
05/01/06-07/31/06
User ID: **ipod**
Password: **video**

Apple Reports \$410 million Profit

Jim Dalrymple - MacCentral

Wed Apr 19, 2006

Apple on Wednesday reported its fiscal second quarter earnings, posting a profit of \$410 million on revenue of \$4.36 billion, the second highest quarterly sales in Apple's history. The company also reported increases in shipments of both Macs and iPods for the quarter. "We've generated over \$10 billion in revenue and almost \$1 billion in earnings in the first half of fiscal 2006,"

Apple's CEO, Steve Jobs, said in a statement. "Our transition to Intel processors is going very well, and our music business just experienced another quarter of outstanding growth."

The company shipped 1,112,000 Macintosh computers and 8,526,000 iPods during the quarter, representing 4 percent growth in Macs and 61 percent growth in iPods over the year-ago quarter. Apple said that international sales accounted for 43 percent of the quarter's revenue.

Looking forward to the third quarter Apple CFO Peter Oppenheimer said the company expects revenue of about \$4.2 to \$4.4 billion.