

# 1

## **The Treasure in Your Hand**

*Why Mobile Apps Can  
Make You Rich*

*Change is the law of life. And those who look only to the past  
or present are certain to miss the future.*

—John F. Kennedy

<http://www.pbookshop.com>

After I sold my first app business, on a whim, I packed my bags, went to the airport, and jumped on the next plane that was leaving. I'm glad I brought a pillow because I ended up in Sydney, Australia. With time to spare and no set plans, I decided to hang out Down Under for the next five weeks and experience the place I had always dreamed of visiting.

The harbor in Sydney is stunningly beautiful—filled with the white sails of sailboats, deep blue water, clear sky, and a buzz of great people. The sound of gulls fills the air, and brightly colored street markets and vendors line the shore.

Walking along the harbor with the sun on my face, I remembered that during my spontaneous moment I hadn't told anyone where I was going. I wanted to surprise my mom by sharing this experience with her, so I called her using the Skype app on my iPhone. The video phone call showed my face with the harbor in the background.

"Where are you?" she asked, not recognizing the backdrop.

"Sydney," I said.

She had a perplexed look on her face and paused for about 20 seconds in silence.

"Australia?"

It blew her away. It blew me away that she was able to see the view and enjoy it with me. It was amazing to be able to share that moment, and it was even more special because that wouldn't have been possible a year earlier.

I use my iPhone for everything: to find restaurants, manage my employees, or look at my apps' daily stats and rankings. I can order a shrimp burrito from my phone, put in my credit card info, and go pick it up or have it delivered. I can have yoga lessons on my iPhone without going to a yoga class. I can stand in line at an airport and with a push of a button find out how much my business earned that day.

If used properly, the virtual world can be a potent tool to simplify and improve every aspect of your life.

As this virtual world evolves, people expect to have access to lots of things more quickly and easily. Consumer demands are changing because we can do more on our phones, and they are always in our pocket traveling with us wherever we go.

We have apps that can control cars, allow us to play the piano, teach languages, and even recognize songs and name the artists. Apps are vital assets that streamline information, enhancing our lives while educating and entertaining us. With apps, it's all about convenience, convenience, convenience.

Apps are changing the way we communicate and relay information, allowing us to connect with people from Cape Town in South Africa to Montreal in Canada to Shanghai in China. Everywhere!

You have to understand this about the app business: At the core, it's about how consumers are using this technology to connect with the world. The more you are aware of this, the more money you can make with apps.

But how fast is this industry growing? Will it last? Who are the biggest players? What are the trends? In this chapter, you will gain essential insights into the industry, which will serve as the foundation of your successful app business.

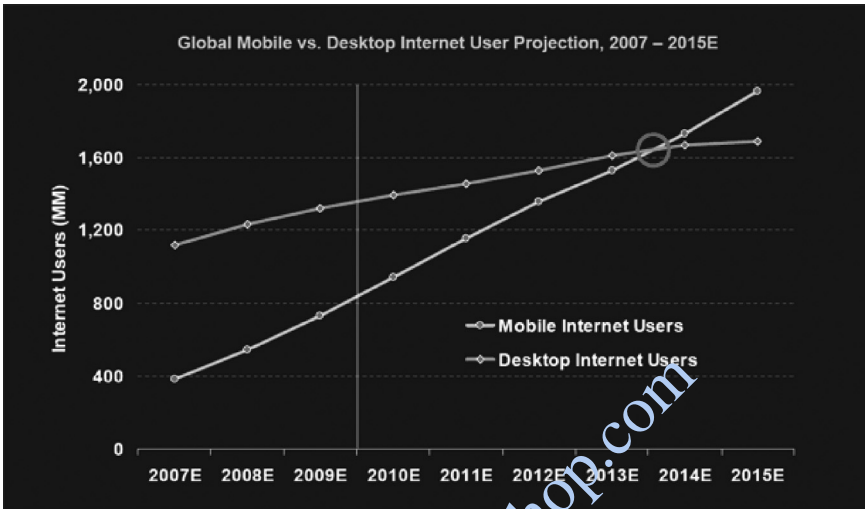
### **A BIGGER OPPORTUNITY THAN THE INTERNET!**

Newsflash: Mobile technology is the next big thing, and it's still in its infancy, growing rapidly every day. It's causing an information revolution and creating a new age where everyone is connected. Even in places like Africa, many people who don't have the means to own computers are bypassing them and using smartphones instead. In Egypt, social media posts from cell phones contributed to the revolution that brought down President Hosni Mubarak.

More than 4.6 billion cell phones are being used worldwide, enough for two-thirds of the people on Earth. This is a global market and it's growing at an unprecedented pace. (See Figure 1.1.)

The app industry exists entirely on the Internet with no physical presence necessary, making it easy to do business from anywhere in the world. What about the Internet? This is the new Internet, transforming the way we transmit and assimilate information, opening doors to a new way of making money. It is the fastest growing industry in history and shows no signs of slowing down.

As you've heard before, timing is everything. The mobile industry is in its early stages, as the Internet was in 1997. People who saw the opportunity then, jumped in and made bucket-loads of money. In fact, those



**FIGURE 1.1** By 2014, mobile Internet will be used more than desktop Internet.

people are still making money because they have more experience and a competitive advantage over most.

Back in the early days, the Internet offered many new and easy ways to make lots of money. People were buying domain names for peanuts and selling them for millions. They were creating useful websites and selling advertising. A few websites, like Google and eBay, became integral parts of our lives and made their creators multi-billionaires. Years later, people are still making money from the Internet. The longer people waited to jump into the Internet money-making game, the more difficult it became.

What happened with websites is exactly what's happening now with apps and mobile technology. The only difference is that we have experienced the rise of the Internet and are conditioned to react more quickly to the app revolution. This means that the app world is running light-years ahead of the Internet, when it was at the same development stage. Developing apps is a chance to jump ahead of the masses and not be left behind, saying years from now, "I wish I had. . . ."

The numbers are off the charts. According to the technology research firm Gartner, Inc., total worldwide mobile app revenue is expected to explode to \$58 billion by 2014. With more than 500,000 apps in the Apple

app store, this industry is going to keep growing. There's no limit to the number of new apps that could be created because of our constant desire to be entertained or do more work with less effort. This demand will continue to be fueled by our society's hardwired need to evolve and grow.

Even with the recent global economic downturn, the app industry continues to grow. Many market researchers predict the mobile industry will continue to soar, but I'm not going to bog you down with more numbers. I will say that if you start now, you will be way ahead of the game. If you start later, you will still have plenty of opportunities, but why wait to live the lifestyle you can have today?

Another beautiful thing about this business is that you can start out part-time and go full-time later. That's how Lynn Duke started Fossil Software, one of the top app companies in the App Store. The company was born from the concept of bundling multiple, simple apps into one. He and his buddy, Marshall Womack, a designer, were working 80 hours a week at a gaming company. Their friend sent them an article about a guy who made \$250,000 in a month from a simple app.

Lynn was unhappy, gaining weight, working overtime and tired of his long days. So, he worked with Marshall during nights and weekends over four months, while putting in lots of hours in their day jobs, to create their first app. Instead of creating one app, they decided to create 50 different apps and bundled them all into one app they called AppZilla. Fifty apps for the price of one. Now that's a deal. They had more than 60,000 downloads in the first month and that was just the beginning. Lynn quit his day job three weeks later, and they have been making loads of money and having a blast ever since.

## LUDICROUS SPEED

In the movie *Spaceballs*, Colonel Sandurz and Dark Helmet have to steer their space ship faster than the speed of light. It's called ludicrous speed. That's what I think is happening in the app business. Technology is moving at ludicrous speed.

If you think about it, all the major change in human history has come with shifts in technology. When humans invented the wheel, life changed. When they created the steam engine and the cotton gin, the industrial revolution kicked off. When the World Wide Web became popular, we entered the Information Age. People could instantaneously connect and

communicate with the rest of the world from their home or office. Now we carry the power of the Internet in our pockets and can call and text people any time from anywhere. Our lives are truly moving at ludicrous speed. Strap yourself in and enjoy the ride.

## MOBILE APP TRENDS

These numbers from 148Apps.biz show how many apps are out there and how they're being used. I'm sure these numbers will be dwarfed quickly.

### **Apple App Store Stats Summary (January 2012)**

#### **Count of Active Applications in the App Store**

Total Active Apps (currently available for download): 556,793

Total Inactive Apps (no longer available for download): 156,412

Total Apps Seen in U.S. App Store: 713,205

Number of Active Developers in the U.S. App Store: 132,604

#### **Application Approval Delay**

Maximum delay: 41 days

Average delay: 5.26 days

#### **Application Price Distribution**

Current Average App Price: \$2.10

Current Average Game Price: \$0.99

Current Average Overall Price: \$1.95

#### **Application Category Distribution (Most Popular Categories)**

1. Games (96,187 active)
2. Books (60,707 active)
3. Entertainment (57,351 active)
4. Education (53,819 active)
5. Lifestyle (45,286 active)

Here are some more mind-blowing stats:

- Apple hit the 15-billion app download mark in three years—it took Apple over 7 years to sell 15 billion songs through iTunes.

- According to a study commissioned by mobile application store operator, GetJar, the mobile application market will reach \$17.5B by 2012.
- Canalys is forecasting growth of \$37B by 2015. Apple reports that iOS app developers have collectively made more than \$3 billion in revenues since the App Store opened.
- Google's Android market, a rival platform and operating system to Apple's iPhone, hit 250,000 apps with more than 6 billion total downloads in mid-2011.
- On average, over 60 apps have been downloaded for every iOS device sold, according to market research firm Asymco.
- More than 30 million apps are downloaded every day, according to Asymco.
- The average selling price of paid apps will rise 14 percent year after year according to estimates by Piper Jaffray research firm and as reported in the *Wall Street Journal*.
- Apple expects to make more money on apps than on music by 2014 according to Asymco.

### TAKE ADVANTAGE OF THIS PHENOMENON NOW

When I was first getting started, I didn't know about these business trends. I was excited to learn about entrepreneurs who had no previous experience in this business but were making money and enjoying freedom. It made sense to me. I had missed the Internet boom, and I wasn't about to miss this one, so I jumped in. Because of that, I can say that this is my time and it can be your time too.

This is the best time to launch into this business and take advantage of such an incredible opportunity.

Mobile technology is fun, exciting, and filled with possibilities. It isn't just a virtual reality. Instead, it's a business reality for anyone who is open and dedicated to making it work.

That being said, I will add one important distinction about the app business. People think that if they have one app idea, they can win the app lottery. The app business isn't about getting rich quickly with one app. It's about research, creativity, timing, and sound business sense, which includes creating several products instead of only one.

### THE PLAYERS

Apps live on smartphones, just as various software programs live on computers. In smartphones, you can find several kinds of operating

systems, called platforms. These platforms compete with each other for dominance in the smartphone market.

The three biggest players offering different platforms are Apple (iOS), Google (Android), and RIM (BlackBerry). Some app developers create products for all three platforms. Others specialize in one.

Focusing on creating apps for Apple's platform is the easiest way to make money in the app business because Apple dominates the app market and because it's easier to create apps for their devices. Apple devices all come with standard resolutions and compatible hardware, and there is only one mobile store for iOS apps. In contrast, Google's Android has different phones with different screen sizes and multiple app stores. This makes developers' lives harder and more complicated. They have to do additional programming for each Android device. It's a hassle and costs you more. You can focus on creating more apps and more successful apps when you don't have to spend time adapting your apps to all the different devices.

Consumers trust Apple's brand, and they have strong loyalty to Apple's line-up of iOS devices. The company is known for its intuitive and innovative products, and the brand continually grows stronger with its cult-like following.

So, start with the easiest, most well-known platform. Once you master that and gain more confidence, move to the other platforms and master those.

Table 1.1 shows the platforms in this app market.

Even though Apple is my preference and leads the industry, more platforms mean more consumers are downloading apps. The new markets are expanding and may be fertile ground as you grow in your app business. While creating apps for Apple products is the most efficient starting point, it's important not to focus solely on one platform without checking in to see how the others are doing. Be flexible and keep an open mind. As the saying goes, the only constant in life is change, so be ahead of the curve and anticipate it as much as you can.

## **APPLE—IPHONE/IPAD/IPOD**

Apple customers are fanatics. They will wait outside an Apple store for hours in the freezing cold to buy their products.

Do you see people standing in line for the products of other platforms? No way. They don't have the same type of loyal and raving fans. You can

Table 1.1  
Platforms Available in the App Market

Name	Established	Owner	Available Apps	Download Count	Device Platform
App Store	July 10, 2008	Apple	495,516 (October 2011)	18 billion total (October 2011)	iOS
App World	April 1, 2009	RIM	42,893 (September 2011)	3 million daily (May 2011)	Blackberry OS
Android Market	October 22, 2008	Google	280,360 (September 2011)	6 billion total (August 2011)	Android
Windows Phone Marketplace	October 21, 2010	Microsoft	35,600 (October 2011) estimated 550,000 (October 2011)	12 per person per month (March 2011)	Windows Phone 7

create apps for Android and BlackBerry as well. Almost everything I teach you in this book will rock your apps, regardless of what platform you choose, but I recommend starting with Apple, especially if you're a newbie.

Alan Johansen is another successful appreneur with zero coding experience. In two years, working as a solo appreneur, he launched 30 apps, which have been downloaded over 11 million times.

Alan has seen the Apple App Store evolve over the years and believes it is in its infancy. He says, "It's refreshing to see the app stores support and reward independent developers. It's refreshing to see them promote independent titles (instead of only promoting their own titles)."

## GOOGLE ANDROID

Android is the second-largest mobile platform on the market and is available on more than 100 devices made by different manufacturers. It's an open-source platform, which allows manufacturers of smartphones to adapt and use it for their devices without any costs. This has made Android the number one mobile operating system in the world.

Even though Apple sells more apps on its iPhones, Android is used on more phones. Year after year, Android has made the biggest gains in these markets, predominantly taking market share away from Apple's iOS and RIM's BlackBerry.

But the research group Kantar Worldpanel Comtech believes that Apple's iOS will make new advances against Android in the United States, as the iPhone is made available to more carriers. Regardless of this, you should consider Android as the second platform you create apps for after making some money on Apple's iOS apps.

## BLACKBERRY

The BlackBerry app world is growing, too, at a steady pace of 69 percent per year. However, at this time, BlackBerry's 772 million app downloads is dwarfed compared to Apple's over 18 billion and Android's over 6 billion downloads.

## SETTING UP SHOP

The app business has practically zero overhead. I have no office, no equipment, and no employees. I have a Macbook-Pro and an iPhone,

and that's it. I run everything from my iPhone, even the daily management of independent contractors. I use my apps to advertise each other, so I have little to no marketing costs.

What other business offers this kind of freedom? Few others, if any, can be run without an office and from anywhere in the world. You might not want to stay in a beach hut in Fiji, see the Seven Wonders of the World, or swim with sharks, but I'm sure you would love to do other things with your extra time.

To start an app business, you need to sign up as a developer with the platform for which you're looking to create apps. Don't be intimidated by the word *developer*. It doesn't mean you have to be the programmer. It's simply the name used for somebody who publishes apps. (We cover outsourcing the programming of your apps in Chapter 5.) All you have to do is set up a "developer account" so you can offer your apps for sale in one of the app stores.

Here are the links for signing up with the different platforms and a brief overview of the requirements for each.

- **Apple iOS** (<http://developer.apple.com/programs/register/>)—Registration requirements include a fee of \$99 per year and accepting the terms of service.
- **Android** (<http://developer.android.com/guide/index.html>)—Registration requirements include a fee of \$25 per year and accepting the terms of service.
- **BlackBerry** (<http://us.blackberry.com/developers/>)—Registration requirements include a \$200 fee for every 10 apps you publish. You must have a BlackBerry World App Vendor Agreement in place with RIM, the creator of BlackBerry to distribute apps.

## FUTURE TRENDS

As mentioned earlier, consumers love the convenience of instantly getting something they want. People like the ability to see their loved ones during a phone call. Text messaging is outpacing e-mail and voicemail messages because it's simple and immediate communication. Apps fit in with this on-the-go lifestyle.

As the price of phones drop and more people buy smartphones, the app market will be expanding even faster. People's desire and immediate need for real-time information is spreading like wildfire.

The mobile lifestyle is here to stay. The trends all point to an increasingly mobile lifestyle, which means more opportunity for developers.

### TOP 10 APP TRENDS

Looking into the crystal ball of the app industry, research firm Gartner, Inc., predicts these top 10 trends:

1. *Location-based services.* More consumers will use apps that offer more intelligent service based on their current geographic location.
2. *Social networking.* People will spend more time socializing online, using apps that support activities such as web conversations and photo sharing.
3. *Mobile search.* People will integrate information searches with action, such as ordering a pizza or finding a tennis store.
4. *Mobile commerce.* Consumers will buy more products using their phones.
5. *Mobile payment.* Customers at stores will pay for goods and services through their phones.
6. *Context-aware service.* Apps will offer consumers more personalized experiences by customizing services based on personal interests, history, schedule, favorite activities, and more.
7. *Object recognition.* Apps will allow consumers to recognize the user's surroundings, including specific objects of interest. The apps will rely on the camera functions to do this.
8. *Mobile instant messaging.* Mobile instant messaging systems will start to integrate more interactive elements, such as video. Such app services may replace traditional phone use.
9. *Mobile e-mail.* More people will send and receive e-mails via their mobile phones.
10. *Mobile video.* Mobile phones will have bigger screens and higher resolutions. Meanwhile, phone carriers will partner with video services, such as YouTube and Vimeo to offer high-definition viewing through phones.

### BUILD A GOLD MINE

The stats show you that the app industry is the next gold rush. However, you have to treat this like a business and not a get-rich-quick scheme. Your gold mine needs to be supported by a solid foundation: a positive and focused mindset and the skills to understand the market and grow your business.

In the next chapter, I share with you the winning mindset for making money in the app business. It will require a shift in thinking and an open mind, but the rewards can be substantial. Your mindset is the key to building a thriving business and the life you want.

### What I Learned

- 1.
- 2.
- 3.

### Actions to Take

1. Sign up as a developer on the Apple iOS platform.

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