Spotlight turns to Apple's 'latest creation'

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A model holds a 3G iPhone during its launch in Hong Kong. The technology rumor mill is busy with speculation over Apple's forthcoming event on Wednesday at which the culture-changing firm will unveil its "latest creation."

The technology rumor mill is busy grinding speculation regarding an Apple event Wednesday at which the culture-changing firm will unveil its "latest creation."

Expectation that the maker of iPhones and iPods is set to wow the world with a tablet computer is so rampant that the California company's stock could suffer if it fails to deliver.

"This proposed Apple tablet will take the App Store and iPhone operating system and deliver it in a larger form factor instead of starting from scratch," said Canada-based independent technology analyst Carmi Levy.

"Apple can take years worth of iPhone momentum and drive it right into what is essentially an iPhone on steroids," he continued.

Apple's tablet is believed to be a notepad-shaped device with a 10-inch color screen that lets people browse the Web, listen to music, watch movies or television shows and also read electronic books and newspapers.

A tablet would be Apple's first major product release since it came out with its winning iPhone three years ago.

Online retail powerhouse Amazon.com beefed up its market-leading Kindle electronic reader devices just days ago in apparent preparation for an Apple onslaught.

Amazon pumped up royalties it pays to authors or publishers who offer digitized books for sale to Kindle users and invited software savants to craft fun or functional programs for the e-readers.

"Amazon may have won the e-book reader battle, but the war is about far bigger things," Levy said. "It is about a device that can do many things as you bring your digital content with you."

While the spotlight at the Apple event may be on a tablet, the success of such a device depends more on the "ecosystem" of applications and services than it does on how "sexy" the hardware may be, according to the analyst.

"The irony is that it is no longer about hardware, it is about services that connect to the hardware," Levy said.

"The iPod was just a media player but what made it special was iTunes and the online App Store."

An Apple tablet would likely synch with iTunes and the more than 100,000 applications at the App Store.

Despite Apple's wizardry with creations embraced by mainstream culture as well as technophiles, it could be tilting against windmills by releasing a tablet computer.

"The real question is what will people do with an Apple tablet that they can't do pretty well on some other device?" said NPD Group analyst Stephen Baker. "Anyone that has tried this has failed."

The success of iPhones was "a no-brainer" because the innovative devices put telephone and rich Internet capabilities in people's pockets, according to Baker.

Tablets, on the other hand, are awkwardly large to be carried as mobile devices and too small to compete with desktop computers and screens, especially for tasks such as movie viewing.

"What do I do, strap it to my dog's back?" Baker said facetiously.

"I can't sneak a peak at it when my kids are in a play or at a baseball game... I'm a hardware guy and this isn't going to be a game changer."

A Retrevo report release last week concluded that an [Apple tablet](link) priced at more than 700 dollars (US) would stop 70 percent of potential buyers from reaching for their wallets.

Apple could launch a tablet at a steep price but quickly discount it through subsidy deals with carriers or digital content sellers.

"Initially it will seem like a high price, but over time Ma and Pa will be able to buy it as well as rabid Apple fans," Levy said.

Google could prove to be a formidable rival, with the Internet giant's Android operating system built into a host of tablets shown off at a major Consumer Electronics Show (CES) in Las Vegas this month.

An Android Market featuring more than 20,000 applications tailored for devices running on the operating system is a growing competitor to Apple's market-leading App Store.

"In many ways, Apple is running away with the prize and Google is establishing itself as a strong second," Levy said.

Microsoft is also staking out territory in the tablet market, with chief executive Steve Ballmer using CES as a stage to tout a Hewlett-Packard Slate tablet built with the firm's software.

"There really isn't another compelling device out there," Levy said. "As it did with the iPhone, Apple is competing in a category of one at this point."

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