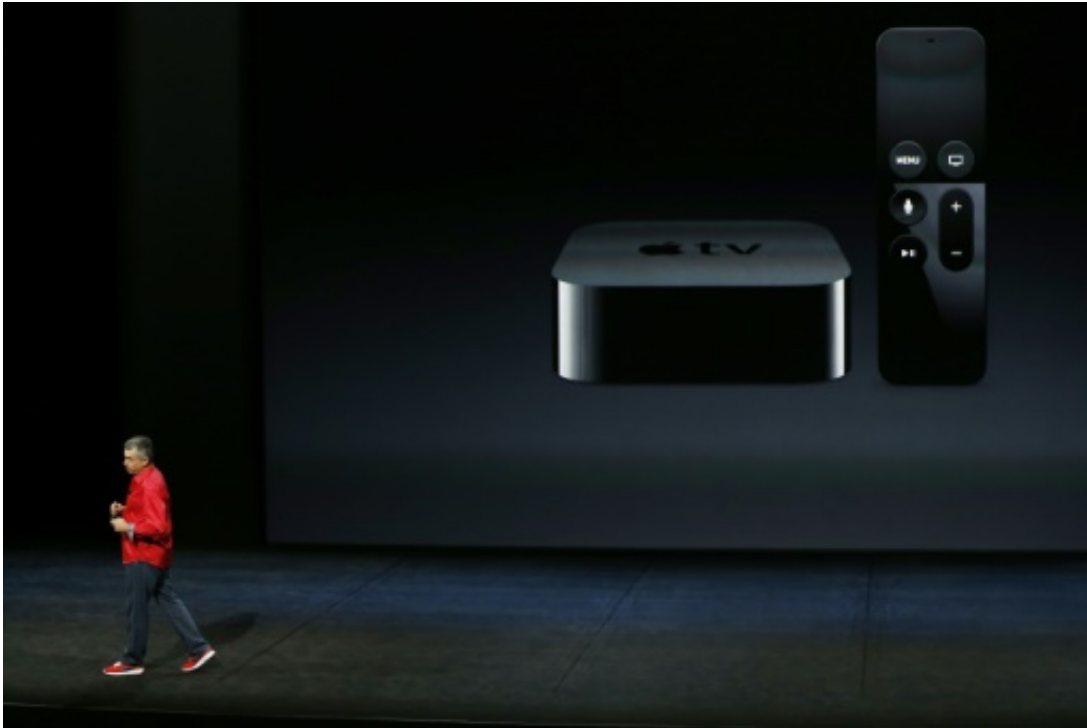


# Apple TV aims to capture 'cord cutters'

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Apple Senior Vice President of Internet Software and Services Eddy Cue speaks about the new Apple TV on September 9, 2015 in San Francisco, California

The new Apple TV unveiled this week has the potential to do for television what iPhone did to mobile phones, while claiming a starring role in home entertainment.

Updated Apple TV hardware set for release in late October wasn't expected to revolutionize the television industry, but it could strike a blow to cable companies that have been in a power seat when it comes to

delivering shows and other content.

"It turns out fears surrounding the long-term prospects of the [cable industry](#) were well warranted," said Yahoo senior vice president Simon Khalaf, whose mobile analytics company Flurry was bought last year by the Internet pioneer.

"We believe that the industry is facing a perfect storm: apps, app stores and Apple."

While the unveiling of a new Apple TV on Wednesday did not come with word of deals to stream shows or films from networks or studios, it will have a version of the App Store that has been a hit on iPhones.

"We believe the future of television is apps," chief executive Tim Cook said.

Apple released a software kit for outside developers, and showed off early versions of Apple TV applications being crafted by streaming services Netflix, Hulu, and HBO.

## **Siri searches shows**

The product launch "sent a warning shot at the cable industry in particular and the media industry in general," Khalaf said in a blog post.

"Now rather than having dozens of channels to watch, US consumers will have thousands of apps to enjoy on their flat panel TVs ranging from games, to e-sport apps, to live entertainment apps, and to whatever these developers will cook up over the next year."

Siri virtual assistant software built in Apple TV allowed for natural language searches for shows, such as asking for something funny or a

certain actor by name.

Analysts keyed in on the fact that Siri will search across applications on Apple TV, meaning that where shows or films come from should be unimportant to viewers.

People should also be able to see what they want on-demand instead of being at the mercy of cable broadcast schedules.

These options can spur a trend of "cord cutting" or ending the subscription "bundles" offered by cable and satellite TV firms.

## **Apps trump TV**

A Flurry report found that for the first time ever, people in the US in the second quarter of this year spent more each day using mobile applications than they did watching television: a daily average of 198 minutes versus 168 minutes

"Just as they did on the iPhone and iPads, consumers will download these apps and spend plenty of time on them, leaving the dozen or so cable channels lost in a sea of apps," Khalaf said.

By letting media companies keep control of their content in apps, Apple could find new money-making models while sidestepping worries studios might have about distribution rights.

Since games consistently rank as the most popular apps on mobile devices, the genre is expected to be thrive on Apple TV.

An Apple TV remote control features a touchpad along with sensors that allow it to act as a motion controller similar to those that transformed video game play as part of the original Nintendo Wii console.

Apple TV lacked the kind of computing power and storage capacity found in hard-core video game consoles but was fine for the kinds of "casual" game apps that have rocketed to success on mobile devices, according to analysts.

"I think Apple TV will usher in an era of casual games in the living room," said Gartner analyst Brian Blau.

The new Apple TV will launch in late October at a starting price of \$149.

Apple TV has lagged rivals with similar devices. According to the research firm Parks Associates: Roku leads the US market with a 37 percent market share, to 19 percent for Google Chromecast and 17 percent for Apple TV. Amazon's Fire TV devices have 14 percent.

Apple shares rebounded a day after a lukewarm market reaction to the US tech giant's launch of upgraded iPhones and other devices.

Shares rallied 2.2 percent to end at \$112.57.

Analysts say Apple is seeking to diversify its product line amid a competitive global smartphone market, and that its new iPad Pro, Apple TV streaming device and Apple Watch may help.

"The new offerings are welcomed additions to the portfolio that will strengthen not only the competitiveness of each product category, but also the wider ecosystem and the increasing developer effort behind this platform," said analyst Kulbinder Garcha at Credit Suisse in a note to clients.

Jan Dawson of Jackdaw Research said that while the iPhone accounts for most Apple revenue, the upgraded Apple TV device "one of the biggest

and most important things announced" and "should drive significant new revenue for Apple and for developers."

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