

Apple's developer's conference may highlight artificial intelligence

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With iPhone sales slowing and the last new Apple product released two years ago, expectations are building for what the company will reveal next week at its annual Worldwide Developers Conference.

Some Apple watchers are counting on artificial intelligence.

With Facebook, Microsoft and Google emphasizing AI in their conferences over the past two months, market analysts believe it is Apple's turn. As the race for [artificial intelligence](#) heats up in Silicon Valley, some worry that Apple is already behind the game.

"If Apple skips AI, I would consider that a significant miss on their opportunity," said John Jackson, a Boston-based analyst for IDC. "Apple is late to this game. There is no other trick up their sleeve around this."

Apple, long known for its secrecy, declined to discuss specifics of the event but emailed a statement that its global developer community has earned more than \$70 billion since the App Store launched in 2008.

Rumors and early reports indicate the Cupertino tech giant may release a new iPad pro, and according to Bloomberg, a Siri-controlled home speaker to challenge Amazon Echo and Google Home.

Gene Munster, a venture capitalist at Loup Ventures and a longtime Apple watcher, said a home speaker would be a step in the right direction for Apple.

"Artificial intelligence is fundamental to every company now," Munster said. "We knew Apple was going to improve on Siri, and (the speaker) seems to line up. It makes logical sense."

In addition to the Siri speaker, rumors of a new 10.5-inch iPad Pro, a 12.9-inch iPad Pro 2, an updated MacBook Pro and a new iOS 11 have circulated on the internet.

The five-day conference to be attended by more than 5,000 developers - who each paid \$1,599 after winning a lottery - is moving from San Francisco to San Jose, where it will be held for the first time since 2002. Apple CEO Tim Cook will give the keynote speech Monday morning. His speech will be streamed live on Apple's website, or through the WWDC iOS app.

Some experts pushed back on the notion that Apple is behind in the AI race, saying Siri is not the only AI-driven technology built by Apple. But

they acknowledged that companies like Amazon and Google have made smart AI-driven devices marketable - Google identifies itself as an AI first company - as Apple has mostly worked behind closed curtains.

"For the average Joe on the street, AI for Amazon is Echo and Alexa," said Carolina Milanesi, analyst at Creative Strategies. "Apple just chose not to label everything AI. Apple chose to let our experience with its devices speak for itself. But I think we are at a point where AI does matter in the advertising spiel."

In recent years, Apple has seen a decline in the sales of its main products, most noticeably the iPhone. Apple reported 50.8 million iPhones sold worldwide in the second quarter of 2017, down from 51.2 million a year earlier. Expectations are that Apple will unveil a new iPhone in the fall for the device's 10th anniversary.

Apple Watch, its latest product from 2015, saw its 2016 sales number double from the year before, according to Cook in the last earnings call. Apple does not release Apple Watch sales numbers, but some analysts have estimated about 12 million of the devices were sold last year.

If reports of a Siri [home speaker](#) are correct, Apple will be entering a growing smart home market with a closing window of opportunity. Both Amazon Echo and Google Home proved to be commercial successes. At its I/O conference in May, Google announced more features to its Home speaker, including the ability to place free calls, connect with Bluetooth and control more apps like HBO Now and Hulu.

Apple's Siri speaker reportedly comes with a virtual surround sound technology that give it an edge in sound quality over its competitors, according to Bloomberg.

But the biggest draw may be its compatibility with other Apple devices

and services. The speaker will likely be connected to the iPhone and Apple TV and services like Apple Music and the HomeKit home automation system.

Although skeptical that current Amazon Echo owners will switch over to the Apple [speaker](#), analysts believe Apple may be able to bridge the gap.

"Apple has done a great job sewing up households as Apple households," said Jackson. "A lot of us own iPhones and MacBooks. But it hasn't been central to their messaging. Creating this type of innovation is darn hard, so they're late."

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