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The new kings of apps

Posted by [JP Mangalindan](#)
 July 7, 2010 2:20 PM

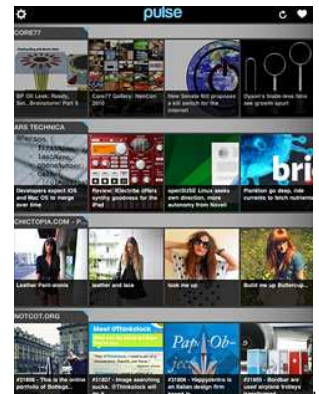
Their names may be unfamiliar -- Zynga, Fring, SPRXmobile -- but their apps are everywhere. Software is now dominated by a short list of powerhouses and start-ups offering byte-sized, mobile solutions.

Software development has officially gone mobile. If you asked developers 10 years ago where they observed the most innovation, they'd have pointed to companies working on the PC, Mac, or game consoles.

Today, the most innovative programs are being developed exclusively for wireless handheld devices. The emerging market of mobile applications started off on the smartphone, but it's now exploding with the rapid adoption of the iPad and other tablets. Consumers will spend \$6.2 billion downloading approximately 4.5 billion mobile apps this year alone -- and Gartner Research estimates those numbers will *quadruple* over the next three years.

Fortune profiles some of the most successful entrepreneurs in this emerging market as well as the up-and-coming developers on the edge of mobile innovation.

Alphonso Labs



COURTESY: ALPHONSO LABS

In Stanford Institute of Design's Launch Pad class earlier this year, grad students Akshay Kothari and Ankit Gupta were tasked with developing and releasing a product. Five weeks later, they emerged with Pulse, a \$3.99 iPad news reader with a clean, sophisticated user interface that even makes Steve Jobs smile.

At this year's WWDC keynote in San Francisco, the notoriously picky Apple (AAPL) CEO heralded Pulse as "a wonderful RSS reader" and one of the most creative iPad apps to date. Kothari and Gupta, who were in the area, raced to the keynote when they heard the news. "We kept telling the people at the entrance that we were the developers of Pulse, but they wouldn't let us in," recalls Kothari.

Soon after, *The New York Times* had the app pulled from the iTunes store, claiming that Pulse made commercial use of their RSS feeds and violated its terms of use. Apple ultimately decided the paper had no case, and Pulse reappeared in iTunes within days.

Turns out the short-lived brouhaha did Pulse a lot of good, giving the app even more attention. The RSS reader continues to place in the iTunes Top 10 for paid iPad apps, accruing thousands of new users each week, and a newer, more compact version was just launched for the iPhone earlier this month.

Square

When glass artist Jim McKelvey failed to sell a piece worth \$2,000 because he couldn't accept credit cards, he and Twitter creator Jack Dorsey devised Square, a mobile app that allows merchants to swipe and process credit card transactions on their phones. Square works with a free add-on device and is available on Android, iPhone, iPad, and iPod Touch.

"This is an industry that's in dire need of simplification, especially since 90% of the country uses a

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plastic card of some sort to pay for things," explains Dorsey. "So the idea was just to allow everyone to accept these cards, whether you're a babysitter, a dog walker, or a hairstylist."

Square charges the person processing the credit card a fee of \$0.15 and 2.75% of the total transaction amount, less than say, PayPal, which charges \$0.30 and 2.9% for transactions of \$3,000 or less. Those competitive fees paired with Square's universal appeal and Dorsey's significant industry clout could be why the start-up reportedly raised more than \$10 million funding and is valued at more than \$40 million.

SPRXmobile



COURTESY: LAYAR Developers have tinkered with augmented reality for years.

Sportscasters use a rudimentary form of it every time they sketch out maneuvers on the field with yellow lines and arrows. In the movie *Iron Man*, Tony Stark employed a fantastical form of it for his suit's navigation system. But for the most part, augmented reality, where images from a virtual world are superimposed onto images of the real world, remains a niche concept.

Last year's launch of the Layar app, from Dutch company SPRXmobile, is one of the few concrete examples of augmented reality done right. Android and iPhone owners who download the free app can also download "content layers," or extra interfaces from different companies like Gowalla and YouTube. Those content partners pay SPRXmobile to develop their custom layers.

When users point their smartphone's camera at their surroundings, Layar shows off useful -- or sometimes just plain entertaining -- points of reference: the nearest bank ATMs, Twitter users and what they're tweeting, shops, restaurants and user reviews, all seamlessly overlaid on real-time street views. In doing so, Layar offers a tantalizing hint of where augmented reality is headed.

Zynga

More than a year after launching Farmville, Zynga remains top of the heap. Some 20 million daily Facebook users flock to the farming simulator to plant seeds, harvest crops, expand their farm plots, and earn money with the tap of a key. The Farmville phenomenon has become so pervasive that Mozilla offered a Firefox update solely because players complained the browser kept crashing on them during gameplay.

As for Zynga itself, the company branched out with a free Farmville iPhone app currently hovering in the iTunes Top 10 and announced a partnership with 7-Eleven this summer for a six-week run of brand advertising -- price tags, Slurpee signs, even ice cream -- in nearly 7,000 stores around the U.S.

Zynga makes money by charging for virtual goods. Once gamers are hooked, they're more likely to pay for items like tractors, fuel, and animals. The company reportedly brings in \$1 million in revenue daily, mostly from such transactions.

Mike Verdu, Zynga's Senior Vice President of Games imagines Farmville will one day be localized, so users in one country can trade region-exclusive items with users in another country, giving the app yet another dimension of gameplay.

As for the skeptics who prematurely drub the developer as a one-hit wonder, keep in mind that Zynga's other apps aren't doing too bad either: *Zynga Poker*, *Café World*, and *Mafia Wars* still rank among the 10 most popular Facebook apps.

Fring

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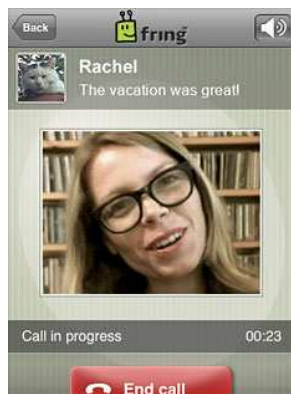
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The \$600 billion challenge
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COURTESY: FRING When Apple announced FaceTime for the iPhone 4, people got excited. But take a step back and see it for what it *really* is: a video chat function that only works among iPhone 4 owners and only *then* if they have WiFi access.

Fring does that and more: free mobile calls, live chat, and of course, video chat over 3G and WiFi connections for hundreds of mobile Android, Symbian OS, and iOS-loaded devices. Founders Avi Shechter, Boaz Zilberman and Alex Nerst set to teach people that mobile devices could be used for more than texting and voice.

"People want all the goodies that they've come to expect from the PC," says Jake Levant, Fring's VP of marketing. "There's no reason why they shouldn't get that and more from a mobile phone."

That all-inclusive developer mindset has paid off. According to Levant, Fring picks up at least half a million new users a month. Its business model relies on advertising revenue, which the company declined to quantify.

EA Mobile

The most seasoned developer of the bunch is also arguably the most successful. Started in 2001, EA Mobile claimed 36% of the mobile gaming market last quarter and continues to dominate with apps like *Scrabble for iPad* and *FIFA World Cup South Africa*. Its stable is a mix of age-old franchises – *Yahtzee*, *Command and Conquer* – and contemporary hits like *Need for Speed*, *Madden NFL* and *Tiger Woods PGA Tour*, which accounted for 9 of the top 10 paid iPhone games when the iPhone 4 launched.

"We bring games that will perform well on platforms and devices, but in a unique way," says Adam Sussman, VP of EA World Wide Publishing. To that end, EA Mobile ([ERTS](#)) innovates with small, albeit significant, steps. A group of four with a fetish for Apple products can play *Scrabble for iPad* with an iPad as their board and their iPhones or iPods as tile racks. Moving letters to the board is as easy as flicking in its direction.

EA Mobile is also moving full steam ahead with social gaming. Late last year, EA bought the London-based social gaming start-up Playfish, Zynga's nearest competitor, for \$400 million and now owns apps like *Pet Society*, *Restaurant City* and *Who Has The Biggest Brain?*, which draws in more than 20 million monthly active users. The acquisition of Playfish cements EA's position as a major player in the mobile market for years to come.

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What about MEDL Mobile? [Http://medlmobile.com](http://medlmobile.com). They have the coolest apps! Including Boink and Code red.

Posted By John Webster, Los Angeles, ca: July 9, 2010 3:44 AM

You missed ChaCha -- they answer 1.6 million+ text questions /day and have almost 11 million unique users.

Posted By Lee Chizum, Indianapolis, IN: July 8, 2010 10:23 AM

yah these are great apps but with so many apps out there. how did this guy choose the winners?

Posted By red portland maine: July 8, 2010 4:50 AM

With all the money Zynga generates, tens of times of that amount is wasted in terms of wasted man hours.

<http://www.PriceOfMobiles.com/>

Posted By Prince, Chennai, India: July 8, 2010 4:38 AM

Love that the Dutch SPRXmobile is in this list. Woot.
<http://www.layar.com/> is great

Posted By Erno Hannink, Doetinchem, Netherlands: July 8, 2010 2:35 AM

fring rocks. love that video calling. its the future. wicked

Posted By jim, knoxville, tn: July 8, 2010 12:18 AM

But who will be king of king?

Posted By John,Hoboken,NJ: July 7, 2010 5:28 PM

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