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TECHNOLOGY

Apple's iPad No Easy Sell, Analysts Say

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Members of the media test out Apple iPads after the product's unveiling at a well-attended event in San Francisco on Wednesday.

[AP View Enlarged Image](#)

of the product launch. Apple shares peaked at 210.58 intraday Wednesday after CEO Steve Jobs announced an aggressive price of \$499 for the entry level model iPad.

But as critical reports circulated about what the device doesn't have (a Web cam, support for Adobe Flash video and Verizon Wireless 3G service) and the lack of a compelling usage scenario, enthusiasm waned.

"People did not go, 'I've got to have one. When can I get it?' There was none of that reaction," said Roger Kay, an analyst with Endpoint Technologies Associates. By contrast, he says that was the response after the iPhone debuted in January 2007.

"Nagging issues remain," Kay said.

Top of the list is: Do consumers need or want a device positioned between a smart phone and a notebook computer?

At the launch event in San Francisco, Jobs made a great pitch for the iPad as a media consumption device to be used in casual settings, Kay says. It's no coincidence that Jobs demonstrated the device while seated in a comfy black leather chair on stage.

"The real usage model for this will be sitting on the couch doing casual stuff — instant messaging, looking at little videos, sorting through your stuff — communications and entertainment," Kay said. "And it may never leave the house. It may just be in the living room as a portable device as opposed to (users) running around the world with it."

If the iPad succeeds as a couch computer, the low-end model without 3G cellular data service could be a hit with young people, he says.

"The question is not, 'Can you afford 500 bucks for this?' but 'Can you afford 500 bucks for this for your daughter?'" Kay said.

Other analysts also say the iPad might resonate more with younger



Two views of the iPad, below, show the gadget's App Store and a video game. AP [View Enlarged Image](#)

The iPad features a 9.7-inch color touch-screen and will come in six models.

The higher-end half will be able to connect to AT&T's (T) 3G wireless data network in the U.S. and the other half won't. All will have Wi-Fi hot spot connectivity. Versions of the iPad will come with 16, 32 or 64 gigabytes of flash storage.

The AT&T 3G wireless service will cost \$14.99 for 250 megabytes of data a month and \$29.99 for unlimited data.

The outlook for the iPad won't be clear until software developers start showing what they can do with the device, says David Wertheimer, CEO and executive director of the Entertainment Technology Center at the University of Southern California.

"A lot of people said, 'Wow, that's beautiful, but it's like a really big iPhone. And what do I need that for?'" he said. "We won't know the answer until we see the kinds of apps that will come out for the device."

Those apps could include multimedia versions of newspapers, magazines and textbooks, he says.

Wertheimer points out that the iPad also is a first-generation product that Apple is likely to quickly refine and improve.

The iPad's high-resolution color screen has prompted some analysts to say the device could dominate the emerging e-book reader market, now led by Amazon.com's (AMZN) Kindle.

consumers.

"This could be a potentially big opportunity for Apple to engage younger consumers, who tend to be more tech savvy and may have grown up knowing Apple as a consumer electronics brand," said Susan Kevorkian, an analyst with market research firm IDC.

Younger consumers who have grown up with cell phones and portable gaming devices might be more willing to use a tablet for surfing the Web, reading electronic books and publications, playing video games and watching videos.

IDC expects Apple to sell 4 million iPads worldwide this year, about half in the U.S.