Chris Stevens

From the creator of the interactive book *Alice for the iPad*, one of the best-selling apps for the iPad

Appillionaires

Secrets from Developers Who Struck It Rich on the App Store

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Chris Stevens

A John Wiley and Sons, Ltd, Publication

This edition first published 2011

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Registered office

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978-1-119-97864-0

A catalogue record for this book is available from the British Library.

Set in 9.5 Minion Pro by Andrea Hornberger

Printed in the U.S. by Courier

To Miles Harry Teather. Explore the world with all your heart.

Publisher's Acknowledgements

Some of the people who helped bring this book to market include the following:

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About the Author

Chris Stevens is the designer behind multiple number-one apps, most famously *Alice for the iPad. Alice* is installed on half a million iPads worldwide and counting. Gizmodo called it “The cleverest iPad book yet” and the BBC said it was “A glimpse of the future of digital reading”. *Alice for the iPad* was also a guest on *The Oprah Winfrey Show*, where Oprah told her audience it would “change the way kids learn.” His other hit app includes *Alice in New York*. Chris also collaborated on the number-one app *Nursery Rhymes with Storytime*.

Chris was a formerly a technology columnist for *The Daily Telegraph* newspaper, and later wrote for *The Times*. He also presented and directed *Space Bubble*, the popular CNET gadget show. Alongside his writing, Chris is an illustrator and scriptwriter. He has worked for Warner Bros, EMAP, and *Wired*. Chris won a Guardian Media Award for his work as a journalist, and famously discovered reflectoporn.

Today Chris runs Atomic Antelope, the publishing house that created *Alice for the iPad*. He spends his time working on book and game titles for the iPhone and iPad, writing, and acting.

Acknowledgments

Thank you to the wonderful Susan Sunde for pointing me in the right direction and reading stories out loud. Thank you to Bob Logan and Natalie Logan for conversation and adventure. Thank you to Rishi Anand, Andrew Lim, and Hunter S. Thompson. Thank you also to Kezia Endsley, Chris Webb, Ellie Scott, Katherine Parrett, and the brilliant team at Wiley whose commitment to excellence, patience, and kindness is unmatched. Finally, thank you

to Steve Jobs and Apple Inc. for making the Appillionaire phenomenon possible.

Appillionaire |ˈAppiləˈne(ə)r; ˈAppiləˌner|

noun

a person whose app has made more than one million dollars on the App Store. Or a person who has generated significant personal wealth by selling apps.

ORIGIN early 19th cent.: from French *millionaire*, from *million*.

Part I: The Birth of the App

Chapter 1: Introduction

Chapter 2: The Rise of the App

Chapter 3: A Bedroom Revolution

Chapter 4: The Gold Rush

Chapter 5: The First Million

Chapter 1: Introduction

They are the *Appillionaires:* Smart, ambitious dreamers in bedrooms and garages across the world, plotting the future of mobile apps. Their tools are inexpensive — a MacBook Pro and an iPhone — but overnight the Appillionaires can amass a fortune from selling software on the iTunes App Store. They lead a revival of the hobbyist programmer. Not since the days of the Commodore 64 and Atari 2600 has indie software been sold by such tiny teams of programmers to such massive numbers of consumers.

The money flows to the Appillionaires even as they sleep. While they dream their *Angry Bird*-dreams, invisible electronic transfers push money into the Appillionaires' bank accounts from App Stores in over 80 different countries. As much as $250 million gets spent at the App Store in a single month. Over 10 billion apps have been sold on the store to date and it's estimated that Apple has signed up at least 79,000 software publishers to the iOS (iPhone and iPad operating system) club.

What's remarkable is that Apple's credibility was bolstered so much by the success of the iPod and iPhone that the rise of the iPhone app was widely predicted. Even before the launch of the App Store back in 2008, *Wired* magazine speculated, "iPhone software development may spark a software gold rush not seen since the heyday of PC-platform development in the 1990s."

There's Gold in Them Hills

It’s this label “gold rush” that has been most often applied to the App Store. The potential for success, and risk of failure, is so great that in many ways the App Store has provoked a gold rush among developers. Although the successes are spectacular, the failures are apocalyptic. The mainstream press focuses on the glorious few and gives very little attention to the money being lost on the App Store — a problem compounded by the embarrassed silence of those struggling to turn a profit on their work. In a climate where approximately 540 apps are submitted for review every day, it’s easy to see why the Appillionaires are an exclusive and rare breed.

Back in the 80s a catastrophic failure to sell software was a more obvious and public humiliation. Take Atari’s *E.T. the Extra-Terrestrial (1982),* a failed videogame which left the company with losses of over $100 million and the embarrassing problem of what to do with 3.5 million unsold *E.T.* cartridges (the answer, apparently, was to bury them in a New Mexico landfill). But today such failures are even harder to see with the naked eye. For every Appillionaire, there are several thousand invisible, failed app developers. These developers have had their dreams of app superstardom cruelly smashed into a million little pixels. More humbling still is the realization that, despite everything the App Store has done to democratize software development, ultimately success may come from more unpredictable forces than basic hard work. Most indie developers struggle to get any attention for their apps — they simply don’t have the marketing clout of giant corporations and must rely entirely on their placement in the App Store. For many, the only real chance of success is to be featured by Apple in one of the highly desirable iTunes banner adverts.

As iPhone developer Sean Maher points out, “you can’t put ‘get featured by Apple’ in your business plan any more than you can put ‘win the lottery’ in your personal budget.”

The Appillionaires are engaged in trench warfare against each other, and against the traditional publishers of corporate America’s vanguard. App development has become a cut-throat industry where an increasing small number of independent players battle it out for the attention of over 180 million iPhone and iPad owners, each of these owners downloading around five apps per month. The competition is so intense that the App Store is scarred by the Appillionaire’s rivalry. Shills have been known to clog up their rival’s apps with bad reviews on iTunes, while writing positive reviews for their own apps. Apple’s Phil Schiller has gone as far as to remove a developer called Molinker from the App Store for cheating the reviews system by positively rating its own apps. The end result was that Molinker had all of its 1,100 apps pulled from the store and was shamed globally by thousands of blogs. Some developers have discovered shill reviews on their apps, traced these back to rival companies, and phoned the CEO to ask why his head of mobile marketing was writing reviews of competing apps.

Tensions between competitors are inevitable because the Appillionaires fight it out in a crowded landscape of over 160,000 apps. It’s a place where millions of dollars can be made or lost in an instant; where dropping off the top-ten in the App Store means an exponential decline in sales, obscurity, and even ruin. It’s a bizarre, upside-down chaos where venture capitalists might spend millions on an app, only to discover themselves beaten to the top spot in the App Store by a 15 year old armed with nothing more than a Mac and a dog-eared copy of *Objective-C For*

Dummies. The size of your corporation and the scale of your investment can be outmatched simply by the intellectual prowess of your competitor working out of his or her bedroom.

App Store Roulette

Given its unpredictability, what makes the App Store so popular? One theory is that we enjoy the strange psychological lure of uncertainty. Researchers have discovered that we often find relationships more compelling if the object of our affection is mysterious and non-committal. The image of a girl sat on a lawn picking petals from a flower and musing, “He loves me, he loves me not” is a fairly accurate depiction of a developer’s relationship with Apple. On one hand the girl with the flower hopes that “he” loves her, but on the other hand a lot of the fun is down to not knowing. It’s human nature that we are attracted to the thrill of never being quite sure where fortune will smile, and there are few businesses where that feeling is more acute than iOS development. Everything about the process is uncertain.

Developer Daniel Markham calls iPhone development “App Store Roulette,” and Andy Finnell of the software studio Fortunate Bear cautions against hoping for App Store success, “you’re betting a lot of this on luck, and the odds are stacked against you. You’d have better odds playing slots at a casino.”

Indeed, as much as app development has been called a gold rush, there is an equally loud theory that it operates more like a casino.

“The closest thing I’ve seen to a ‘business model’ for marketing iPhone apps is to advertise like crazy until you

get into the top 50," says David Barnard of AppCubby, "once you're there, the top 50 list will start generating its own buzz... But that's not a business model, that's like rolling the dice at a casino."

The counter-argument is that life itself is hard, very much like rolling a dice at times. It might be that the App Store simply gives developers the illusion of an ordered system, with top-ten lists and sales tracking, but ultimately it is human nature and the unpredictable whim of the masses that determine the success of an app. The App Store might look like an ordered system, but really it's just a layer over the messy reality of selling anything.

Challenges with the App Store

The App Store does present some unusual problems though. For one: the sheer number of apps available. Craig Hockenberry, who made the popular iPhone app *Twitterific,* complained as early as 2008 that a race to the bottom on prices meant his team could not invest time and money in great apps. "We have a lot of great ideas for iPhone applications," said Hockenberry, "Unfortunately, we're not working on the cooler (and more complex) ideas. Instead, we're working on 99¢ titles that have a limited lifespan and broad appeal. Market conditions make ringtone apps most appealing."

But in the intervening years, the 99¢ price has not won out completely. App developers 2D Boy sold more than 125,000 copies of *World of Goo* for the iPad priced at $4.99 in just two months and several best-selling iPad book apps have also skirted $9 or more. Developers sometimes attempt to make money simply by selling enough apps at the cheapest possible price, but this isn't always the best plan. Often a lower price just invites a

torrent of abusive reviews from younger, more flippant users who take a chance on an app they don’t really want. Still, deciding what to charge for an app remains a strange art, and only adds to the curious reverence many of us feel towards the Appillionaires.

The App Store is also unusual and unpredictable because it’s a hugely significant distribution method for the creative arts, but it’s controlled by a single all-powerful god: Apple Inc. The company decides what is and isn’t allowed to be sold in the App Store. Although critics like those who work for *The New York Times* initially warned that Apple’s censorship of apps would “discourage [developers] from spending nights and weekends working on new and useful applications,” in the end it seems to have had little effect other than to reassure consumers and generate even more publicity for the iPhone and iPad.

WORLD
OF GOO

World of Goo in action. This deliciously addictive physics puzzler has sold millions of copies.

SOURCE: Copyright 2D Boy Ltd.

Since the opening of the App Store there have been a litany of complaints and high-profile criticism of Apple's policies. These reached a crescendo when Trent Reznor of the band Nine Inch Nails reacted to a rejection notice from Apple on the grounds that his app "contains objectionable content." In reply Reznor wrote, "Thanks Apple for the clear description of the problem - as in, what do you want us to change to get past your stupid standards?"

Apple accepted the app a few days later, refusing to comment on what had changed its mind.

The App Community

In the midst of all this confusion and competition, there are also stories of great friendship and, often, a wonderful sense of camaraderie among the Appillionaires. The community of people behind the apps you use on your iPhone and iPad are uniquely creative and communicative, often building extremely close friendships with other app makers. Take characters like Mills from ustwo, the self-styled "King of Failure," and a Twitter superstar who takes as much pride in his app disasters as his successes. Mills is the closest thing the industry has to a cultural barometer, providing a constant stream of consciousness direct from the mind of a leading app developer. To read his Twitter feed is to witness first-hand the turmoil in the soul of an Appillionaire. As his company's apps drift wildly in and out of the top ten, his

tweets tread a spectrum of emotion, from the heartwarming advice, “make love… not code,” to, later in the day, simply, “I give up.”

Nursery Rhymes with Storytime is Mill's most successful indie app to date.

SOURCE: Copyright ustwo Ltd and Atomic Antelope Ltd.

This book is also going to introduce you to the smaller teams, like Johnny Two Shoes: Two brothers, Max and Scott Slade, who created the indie pirate romp, *Plunderland,* an app that allowed them to drop out of the nine-to-five slog and embark on a philosophical adventure, punctuated by late-night coding binges. “I just get to do what I want to do now,” says Max, who made over $16,000 a day at the height of *Plunderland*’s success.