NEWS ANALYSIS

Steve Jobs Walks the Tightrope Again

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By JOHN MARKOFF

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*Paul Sakuma/Associated Press*

Apple’s new iPhone appears to be the clearest statement yet of what Steven P. Jobs’s impact has been in the world of consumer electronics.

The Macintosh computer was introduced in 1984 by Steven P. Jobs. Despite its high price of $2,495, it initially sold briskly, but sales fell off.

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It is not that he invents new technologies, he refines existing ones.

Mr. Jobs himself acknowledged as much when asked during an interview on Tuesday whether he thought the iPhone represented a trend toward the convergence of computing and communications.

***“I don’t want people to think of this as a computer,” he said. “I think of it as reinventing the phone.”***

If the iPhone succeeds commercially, it will be new proof of Mr. Jobs’s power and his influence over the world’s consumer marketplace.

Indeed, at times he seems to be able to defy gravity.

But while his design ideas have frequently been runaway successes, there have also been striking failures.

His Next computer, developed in the 1980s during his exile from Apple and originally intended for a college audience, was never able to break out of a small niche. (Despite being a commercial failure, the Next was used by Tim Berners-Lee to help develop the original concept of the World Wide Web.) In a similar fashion, the Macintosh G4 Cube, introduced in 2000, failed in the market despite being seen as an artistic breakthrough in computer industrial design.

Indeed, when the Macintosh computer — which was also designed by a small group shrouded in secrecy — was introduced in January 1984, it was received with the same kind of wild hyperbole that greeted the iPhone this week. But a year later, the shortcomings of the first-generation Macintosh cost Mr. Jobs his job at the company he founded nine years earlier with a high school friend, Stephen Wozniak.

In light of the iPhone’s closed appliance-style design, it is worth recounting the Mac’s early history because of the potential parallel pitfalls that Mr. Jobs and his company may face.

Despite its high price of $2,495, the Macintosh initially sold briskly. But Mr. Jobs’s early predictions of huge sales failed to materialize. (On Tuesday, in a similar fashion, he set an iPhone goal of 1 percent of the world’s cellular phone market by the end of 2008.)

The Mac’s stumble was in part because of pricing and in part because Mr. Jobs had intentionally restricted its expandability. Despite his assertion that a slow data connection would be enough, the gamble failed when Apple’s business stalled and Mr. Jobs was forced out of the company by the chief executive he had brought in, John Sculley.

In a similar fashion, Mr. Jobs is gambling that people will pay a premium ($499 or $599) for the iPhone and he appears to have sought to limit its expandability.

The device is not currently compatible with the faster 3G wireless data networks that are driving cellular revenues to sharp gains in the United States (although several Apple insiders said the phone could be upgraded to 3G with software if Apple later decides to enable that feature).

Moreover, Mr. Jobs also appears to be restricting the potential for third-party software developers to write applications for the new handset, like ring tones and word processors.

To be sure, this strategy has not limited the success of the iPod, which has become the defining hand-held consumer appliance and fashion statement in the last half-decade. The world of digital cellular phones, however, is rapidly becoming a simple extension of the world of personal computing. The leading handset makers — Microsoft, Motorola,Nokia, Palm, Research in Motion, Samsung and Sony Ericsson— are all pushing in the direction of making their devices increasingly look like PCs you can put in your pocket.

Mr. Jobs is moving in that direction, too, but it appears that he wants to control his device much more closely than his competitors do.

***“We define everything that is on the phone,”*** he said. ***“You don’t want your phone to be like a PC. The last thing you want is to have loaded three apps on your phone and then you go to make a call and it doesn’t work anymore. These are more like iPods than they are like computers.”***

The iPhone model, he insisted, would not look like the rest of the wireless industry.

**“These are devices that need to work, and you can’t do that if you load any software on them,”** he said. **“That doesn’t mean there’s not going to be software to buy that you can load on them coming from us. It doesn’t mean we have to write it all, but it means it has to be more of a controlled environment.”**

Software developers at Macworld Expo, the trade show where Mr. Jobs made the iPhone announcement, said they were taking a cautious attitude about the phone. Several said that much of the phone’s usability would depend on what added functions Apple decides to place in the version of the Safari Web browser that is part of the system.

If there is an Adobe Flash player available for the iPhone, and if it supports the Internet standards that are being widely used by the developers of a proliferating array of Web services, Apple’s decision to restrict software development may not matter.

Indeed, Mr. Jobs appears to have already made believers out of many industry analysts and independent researchers.

***“He’s competing as he always has — as an integrated-consumer-device maker who lets other people deal with the rest of the stuff,”*** said Michael J. Kleeman, a former telecommunications industry executive who is now a researcher at the University of California, San Diego. ***“He gets to leverage other people’s capital investments.”***

There are still a number of intriguing unanswered questions about the design of the system, and analysts said the real design of the device will not be fully comprehended until the iPhone is in users’ hands in June.

Is it a phone, a PC or something entirely new? For instance, despite the phone’s having high-speed digital Wi-Fi ability built in, Mr. Jobs was coy about how that ability would be used.

During an interview on Tuesday, he said that Apple had not decided whether to enable a voice-over-Internet service like Skype — a potentially divisive issue for Cingular, the exclusive carrier for the iPhone, because it could come at the expense of cellular voice revenue.

Also, it is not clear how far Mr. Jobs will go in letting the device begin to replace the PC and Macintosh for users who have no need to sit in front of a desk or carry a portable computer.

It is possible that Apple’s chief executive has found a way to step into the chasm between the two worlds and profitably fill it.

“Apple is in a unique position to build a winning personal device that really fulfills the missing promise here,” said Michael Hawley, a software designer who is a former member of the M.I.T. faculty and a friend of Mr. Jobs.