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Phone

Give someone a fishing rod, and he won't go hungry. But that's now so uncool.

Today, give someone like schoolboy Koh Jing Yu an iPhone, and the 15-year-old entrepreneur will churn out 'apps' - reeling in a steady stream of pocket money.

Apps - or software applications - have been a sensation since Apple created its online App Store for iPhone users to download programs for anything from birdwatching sites to news on the go.

Many apps are free, but most charge a fee, from 99 US cents (S\$1.39) upwards.

Jing Yu's parents got him one of the newly unveiled iPhones two years ago. The Dunman High Secondary 3 student, a computer buff, tinkered with creating his own apps.

Last year, he posted three apps on the App Store. One is a game app, Cheese Collect, in which a mouse stealing cheese must avoid the proverbial mousetrap.

Users pay Jing Yu US\$1.99 to download it. To date, there have been 35,000 downloads, earning him about S\$200 a week.

The app was free for one day, which was when most downloads occurred. He then charged 99 US cents before adding new features and charging US\$1.99 from late last year.

To understand the App Store's success is to marvel at its business model, and the numbers surrounding it.

Opened in June 2008 as a virtual marketplace, it connects third-party software developers to iPhone users eager for apps.

Jing Yu has become one of the 100,000-plus iPhone app developers worldwide. No matter where they are based, they know their digital creations are available in one online store. They have a global market without having to incur a large marketing budget.

The success of the iPhone - over 41 million sold to date - is now largely due to its huge catalogue of apps, with over three billion downloads notched to date.

Currently, the App Store has 160,000 apps in over 20 categories ranging from productivity, education and health to games, entertainment and social media.

Apple's rivals have since sat up. Google started its online store that supports smartphones using its operating system, Android. Currently the Android Marketplace has more than 30,000 apps globally, lying a poor second behind Apple's App Store.

Meanwhile, a vast pool of app developers has emerged. Many do it for fun and do not charge fees. Others hope to see their one 'killer app' become such a hit it turns them into millionaires.

But many are not ready to give up their day job - yet.

Take Mr Mugunth Kumar, 26, who developed iCash, an ATM locator for the iPhone.

He is not about to quit his job as a software engineer with Honeywell. He said the income he makes as an app developer gives him enough pocket money to buy gadgets but is insufficient to replace his monthly income.

He has created three free apps and two paid ones on the App Store, from which he gets about \$400 a month.

He said: 'There are over 160,000 apps in the App Store, all vying for attention. If you don't refresh a good app, it will remain in the top 25 list for only a short period. Interest will then die down.'

Mr Wong Hong Ting, 25, co-founder of app development firm 2359 Media, said: 'Unless you're on the featured list or top 100 list in the United States, it is very hard to earn significant revenue through downloads.'

The good news is that organisations now want to reach IT-savvy customers through apps.

OCBC Bank customers, for example, can do phone banking through an iPhone app. Taxi commuters can access ComfortDelGro's iPhone app to book taxis. The Straits Times also has an iPhone and Android app that provides news on the go.

Mr S. Mohan, 45, co-founder of buUuk, a restaurant review app, gets at least one call a day from firms in search of mobile apps.

Business is bustling for the small pool of app developers in Singapore. A number of them engage in contract work.

The fees can reach \$30,000 for one to two months of work, said Mr Chua Zi Yong, 26, who heads Code Android, an informal grouping of Android apps developers.

Even the teenage schoolboy, Jing Yu, has contract fees, albeit a low US\$100 to US\$200, for projects that other developers would charge US\$1,000.

He explained that since he does not have overheads, he charges low fees. To date, he has chalked up 20 projects.

Another 'indie' is full-time app developer Michael Tan, 38. One of his works, BirdsEye - an iPhone app for bird-watchers - was created for a US customer earlier this year. It hit the Top 25 in the App Store in just two days.

But there are also dark clouds, mainly in the form of three key issues: getting funding; getting good programmers; and getting publicity. More sophisticated apps means more funding and staffing.

Mr Chua's firm, Stream Media, worked on an Android mobile e-payment software program that's about done after a year's work.

While he has received \$50,000 from Spring Singapore's YES! fund for young entrepreneurs, he still needs another \$200,000 to \$300,000. But 'angels' - or start-up investors - are wary of those touting app developers.

Singapore does not lack in angels, who may invest up to \$200,000 in a project. But they will want to see manifold returns on what they invested in.

Mr Chak Kong Soon, a partner of Stream Global, a firm that invests in start-ups and helps them with managerial and business guidance, said investors need to see a business strategy.

'Is it a one-horse show or a family of apps?' he said.

Mr Fred Then, entrepreneur-in-residence at NTU Ventures, a firm linked to Nanyang Technological University, noted that angels elsewhere may be prepared to invest in companies that have good ideas.

But in Singapore, angels behave like regular venture capitalists - investing only in proven cases.

'All investments are in fact risks. Risk appetite is determined by the individual. Singaporeans are very, very risk-averse,' he said.

Even if this can be resolved, app developers will find it hard to hire programmers and engineers, who prefer multinationals because of the better profile and salaries.

Mr Chua of Code Android tried to find interns a year ago for his Stream Media start-up. He e-mailed the engineering faculty of his alma mater, the National University of Singapore, asking for interns.

He had only two responses. They were two Indian nationals whose husbands were pursuing their doctorates at NUS. Both were trained software engineers, so he hired them.

The local app developers' next challenge is publicising their work.

There are not many local blogs - one exception is iMerlion - that write about apps and their developers, compared to those in the US and Europe.

Many in fact turn to YouTube to show off their latest apps.

But media analysts and bloggers, including those involved in social networks like Twitter, must do more to promote the local creators, say app developers.

Changing attitudes, so as to encourage more risk-taking, whether in investing in innovative business ideas or working in start-ups, will take several years, analysts said.

That is small comfort for Mr Chua and other tech start-ups.

One source to tap is the 'grey hairs' - experienced entrepreneurs and corporate executives who have run successful start-ups and businesses.

But herein lies another challenge: The start-ups may not know who to contact. Organisations like the Singapore IT Federation, Spring Singapore and others that assist small businesses should jump in and provide the network.

A recent Fortune article said smartphone users buy one app a month. Last year, about 172 million smartphones were sold, according to research firm Gartner.

If every single owner buys one app a month, that is more than two billion downloads.

Singapore's mobile app developers have a chance of making it in this growing worldwide market. They should get all the help they need to exploit this opportunity.

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