

Japan iPhone craze attracts global app developers

TOKYO (AP) -- The iPhone's popularity in Japan is cracking open an industry long thought inaccessible to outsiders.

For years, the typical Japanese cell phone - built to operate on a network hardly used anywhere else in the world - has been stuffed with quirky games and other applications that cater to finicky local tastes.

That helps explain why Japan's mobile phone industry earned the nickname "Galapagos" - drawing parallels to the exotic animals that evolved on the isolated islands off South America - and why cell phones are called "galakei," which combines "keitai," the Japanese word for cell phone, with Galapagos.

Foreign developers of applications for phones didn't give the Japanese market a second thought because of its insularity. But that is changing as the iPhone, for which tens of thousands of applications have been created, dominates Japanese smartphone sales.

Everywhere one turns, on commuter trains and urban cafes, people are tapping away at their iPhone screens in a relatively rare Japanese embrace of technology that isn't homegrown.

Azusa Furushima, a 22-year-old college student, who has an iPhone in a glittery Hello Kitty case, says she already has about 35 apps, including those for dieting and practicing typing.

American and other foreign developers for the iPhone now have eyes on this potentially lucrative market. And Japanese users, thanks to galakei culture that has long had services that charged small fees, such as "i-mode," are used to paying for their applications.

"Japanese are well-educated. They will pay for applications," said Brian Lee, a manager at Taiwan-based Penpower Inc., which sells an app for digitally organizing business cards. "A lot of developers are coming into this market."

Japanese developers, previously trapped into targeting galakei, in turn have a chance for a piece of the global iPhone pie, which topped 3 billion application downloads globally in less than 18 months, according to Apple. Apple takes 30 percent of the application sales, but the rest goes to developers.

Apple doesn't give iPhone sales breakdowns by country. But Japan makes up a significant chunk of the 70 million iPhones sold worldwide so far, including a record

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14.1 million last quarter.

Smartphones, mostly iPhone models which top sales rankings, make up 16 percent of Japanese cell phone sales of 35 million a year, according to Gfk Marketing Services Japan, which track such data.

Finnish developer Rovio Mobile, behind the "Angry Birds" game, which has racked up 27 million global downloads in a year, introduced a Japanese-language version a month ago.

The game, which features bubbly headed peevish birds that fight pig-like creatures, has been No. 1 in iPhone games in the U.S. and 70 other nations. Hopes are high to move up from No. 6 to No. 1 someday in Japan as well.

Erin Gleason, spokeswoman for Foursquare, a popular location-based mobile application, says the service, which has more than 4 million users worldwide, is arriving in Japan soon, although she said details won't be disclosed until early 2011.

"We will be focusing on internationalization in the next couple of quarters, and we feel that Japan is an important market for us," she said.

The growing sales of smartphones running the Android operating system from Google Inc. are expected to expand the application business even further, from not just Softbank Corp., the only carrier to offer the iPhone, to giant rivals NTT DoCoMo and KDDI Corp.

Japanese electronic maker Sharp Corp. is even bringing out Android mobile devices called Galapagos - in a tongue-in-cheek self-deprecation that underlines the Japanese electronics maker's ambitions for global appeal.

Cashing in on the iPhone fad comes in all sizes.

Hawken King, a 32-year-old Briton, who founded a tiny venture in Tokyo called Dadako, which means "brat" in Japanese, is doing all right, selling his product to just 20,000 iPhone users around the world. About half of them are American, but a third are Japanese.

His 115 yen (\$1.40) "Facemakr" allows people to easily and smoothly create avatars, or facial likenesses, on iPhone's touch panel, choosing images of noses, eyes and hairstyles.

Developers like King say the success of the iPhone has evened out the playing field, allowing for a diverse range of products, rather than a winner-take-all or carrier-controlled market, which in the past favored established companies over newcomers.

"We'll soon see a wave of outside prospectors flooding in for the gold in the hills of Omotesando and Harajuku," predicts Mark Hiratsuka, director of Snapp Media, an independent mobile application promoter, referring to the Tokyo areas equivalent of

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Silicon Valley.

"Right now, only the very smartest developers are aware of the potential here. We're about to see that bust wide open," he said.

Online:

"Angry Birds": <http://www.rovio.com/> [1]

"Facemakr": <http://www.facemakr.com/> [2]

Penpower Inc.: <http://www.penpowerinc.com/> [3]

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