

Background

Apple has once again used its annual Worldwide Developers Conference to announce a bold new service and vision for the future. Steve Jobs officially launched Apple's new iCloud service, which finds the company firmly staking a claim on the rapidly emerging Cloud Computing business.

Details

Apple's iCloud service enables consumers to keep all of their personal content – music, photos, applications, contacts, calendars – stored on the Internet and accessible anytime and anywhere on any Apple device, including smartphone and tablets. In essence, content will no longer be stored on and constrained to one device; e.g., consumers using the iCloud service will be able to access their iTunes library anywhere without the need to go through a cumbersome syncing process. Automated backups into the iCloud also eliminate the threat of losing all of your content if your device crashes. Apple will also offer a service called iTunes Match that will identify, store, and back-up non-iTunes purchased files such as music ripped from your personal CD's. Match will cost US consumer's \$24.99 a year. Pricing has not been established for markets outside the USA.

The iCloud service is free for users storing less than 5GB of content; importantly the 5GB limitation does not include any content purchased via iTunes, including music or applications. Furthermore, any Apple device using or upgrading to Operating System 5 (OS5) will automatically have the iCloud service bundled into the user experience. Finally, Apple's MobileMe service will gradually be subsumed into the iCloud service, which will launch in late 2011.

Implications

Apple's move into the Internet storage space is a further challenge to the likes of Google, Microsoft, and Amazon who are all offering various cloud computing and storage solutions. While all of these companies have their own strengths, Apple's proven ability to create superior and seamless user experiences combined with their current momentum with the iPad and iPhone make them a serious competitive threat. In short, Apple is creating the ultimate digital ecosystem that moves intelligence and content from your device to the Internet. For marketers, Apple's iCloud service represents a gold mine of consumer data that can be leveraged to target individuals with relevant advertising based on everything from their musical tastes to photographs. While no advertising will exist in the actual iCloud, the data could be used to inform advertising elsewhere in the Apple ecosystem, including their recently launched iAd units.

Apple still has a few challenges ahead. First, Apple is notoriously secretive when it comes to its use of personal data. As consumers trust more of their personal content to Apple, they (and the marketers wishing to target them) will want assurances around both security and data protection. Second, Apple continues to build a closed "walled-garden" ecosystem; essentially a partitioned portion of the Cloud that is monopolized and priced only by Apple. This closed model is a direct threat to Google and their dependence on an indexable and searchable open Internet standard. In this case, consumer concerns over security and privacy may make Apple's closed model a benefit despite the advertising industry's preference for greater competition, openness, and transparency.

Summary

Cloud storage systems are not new; multiple companies ranging from Microsoft to smaller Web-based services like Dropbox already exist. However, Apple's ability to turn difficult technology experiences into simple and seamless ones gives them a superb chance to truly establish the first widespread consumer-friendly cloud computing model.