Apple: finding even more uses for iTunes
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The online media store is already one of the largest e-commerce sites in the world. Here are some other things Apple might be able to sell via the Web.

As Apple closes in on the release of a device usually described as a tablet—most likely in early in 2010—my thoughts turn to the role of iTunes, the online store selling music, books, and downloadable applications for the iPhone and iPod touch.

We don't know the tablet's precise features or release date, but it's reasonable to assume the machine will play music and video and run a range of software applications. It may also be positioned as a Kindle-killing digital reader, and thus display digital books, magazines, and newspapers, presumably sold on iTunes.

Which brings me to other ways Apple may harness iTunes in conjunction with the new device. Apple (AAPL) is already the biggest retailer of music in the world, and a key player in downloadable video; the iTunes store is also a pretty big software storefront, with 2 billion iPhone applications downloaded.

Mac software on iTunes?

If the tablet turns out to be an electronic reader that will compete with Amazon's (AMZN) Kindle, then there's good reason to expect that iTunes will become an excellent replacement for your neighborhood bookstore and newsstand.

The larger a role iTunes plays in digital goods, the bigger a player it becomes in electronic commerce, period. Its 100 million credit-card accounts outnumber Amazon's 94 million active customers and the 75 million at eBay (EBAY) unit PayPal.

So what else might iTunes sell besides digital media and iPhone apps? How about Mac software, for openers? With Microsoft (MSFT) days away from pushing the button on its next version of the Windows operating system, Windows 7, Apple could use its powerful iTunes store to once and for all eviscerate the long-repeated but false notion that Mac is lacking in software compared with Windows. As a trusted software distribution channel, iTunes would carry both its own software as well as third-party software for the Mac.

Making the transition easier

As with the iPhone, Apple could divide software into categories: games, business software, security, utilities. New Mac owners, including the growing cohort of people who have switched from Windows, will have an easy-to-use method for filling their new machine with software specific to their needs.

Apple might even create a routine for suggesting applications that replace those commonly found on Windows with their Mac-friendly equivalent, and make the transition even easier. This iTunes software store (iTunes may need another name eventually) will help drive home Mac's well-deserved easy-to-use reputation.

And here's an idea for an application Apple could offer as a featured download. We'll call it "Windows Be Gone." Microsoft is already drawing criticism for making it complicated to upgrade from Windows XP, often requiring users to erase the hard drive of the PC in question. Apple could create a drop-dead simple application that imports a user's key data—including e-mail, contacts, etc. from Windows—and saves it to the Mac. There are third-party vendors that

offer applications that do this, and indeed Apple offers this as an in-store service for new Mac owners. Why not make it something that can be done at home?

(For a minute I was tempted to suggest that iTunes even carry third-party Windows software. Indeed the majority of people using iTunes do so on PCs running Windows. But why make the Windows user experience any easier? The answer instead is to shoot Mac-vs.-PC TV ads promoting the iTunes store as the best way to find software for your computer, better than anything available to Windows users.)

Moving genius beyond music

Down the road, the iTunes software store could expand to offer services to software developers. Rather than products that are downloaded on a one-way basis to a specific device, couldn't iTunes become the back end for a new generation of cloud-based services? Already there are scores of applications on the iPhone that tap Web data. Why not make iTunes part of that cloud?

Give app developers a set of unique services found only on iTunes they can put to work to make their applications smarter. Call it the iTunes Cloud.

Consider as an example Genius, Apple's smart way of suggesting music you'll like based on the buying habits of others. Perhaps there's a way to harness that same kind of intelligence within different kinds of applications for consumers and businesses alike. A consumer travel application might suggest places to eat and attractions to visit based on what millions of others have done. A sales application might suggest a follow-up call to customers who just bought a particular product, to suggest accessories that similar customers bought within weeks of their purchase. A medical application might detect patterns in the symptoms a doctor is encountering and correlate them with symptoms being seen by other doctors in nearby communities.

It's taken iTunes six years to grow from an upstart digital music store into something more powerful than may have been imagined. The moment may be here to turn it into something even bigger.

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