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# Apple's Control Of iPhone Software Targeted By Rogue Program

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SAN FRANCISCO -(Dow Jones)- The iPhone Dev Team, a group of independent software developers, say they are close to unleashing a new product that undoes the tight control Apple Inc. (AAPL) plans to have over the flow of the software to its iPhone.

The developer team is working on a feature it's calling Pwnage, which lets iPhones download and run other software programs that haven't gone through any official, Apple-controlled software distribution channels.

"You can do things like installing custom-made files, straight from (Apple's) iTunes," according to comments attributed to one of the iPhone Dev Team's developers, who goes by the name MuscleNerd, posted on the team's Web site, [iphone-dev.org](http://iphone-dev.org). "The tools are undergoing intensive developing and soon will be ready for public consumption."

Pwnage is the latest example of how disruptive software developers have been to Apple's best-laid plans for its iPhone, a key product for Apple. Once distributed, the Pwnage feature means Apple may no longer be able to count on taking a 30% share of every iPhone software program sold, as it said it would. Meanwhile, the Pwnage software also weakens the steps Apple is taking to rein in a developer community regarding iPhone software sales, which are expected to blossom into hundreds of millions of dollars, if not \$1 billion a year, in annual sales.

As outlined by Apple about 10 days ago, starting sometime in June Apple plans to begin distributing iPhone software made by outside developers. But it first will inspect iPhone software programs from third parties, then distribute them either through Apple's iTunes Web store, or directly to the phone via an Apple-controlled "Apps Store."

Meanwhile, Pwnage may also weigh on Apple's plans to sell more iPhones to businesses, steps it announced two weeks ago when it said every iPhone will soon be able to access Microsoft Corp.'s (MSFT) Outlook email. But Apple also plans to make business software providers like SAP AG (SAP) or Oracle Corp. (ORCL) distribute their iPhone software through official Apple channels, a move that rankled an industry not used to having to deal with an intermediary. It remains to be seen, though, if enterprises would see the new Pwnage software as a decent workaround to the issue.

An Apple spokeswoman did not comment for this story, citing company policy not to talk about products in development at other companies. A representative for iPhone Dev Team, which rarely grants interviews, did not return several emails seeking comment.

The iPhone, a combination phone and digital media player with a touch-screen interface, was introduced last June, and has since become Apple's fastest selling device. As of two weeks ago, Apple was the No. 2 seller of smart phones, with a 28% share, behind No. 1-ranked Research In Motion Ltd. (RIM), the maker of the BlackBerry wireless email device and cell phone.

Shortly after the iPhone was released, Apple promised to open the iPhone so developers could create and distribute software programs for the device. From the start, Apple has allowed developers to create Web-based features for the iPhone to use.

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But lots of developers didn't wait for official channels. Within a few days of the iPhone's release, they came up with their first substantial, market-changing development: software to unlock the iPhone so it will work on any GSM-based cellphone network, rather than just AT&T Inc.'s (T), which at the time was the only iPhone service provider.

Even though Apple wiped out those programs with an iPhone software update of its own, unlocking software still exists and its sales have thrived. Nearly 25% of all the iPhones sold, according to various estimates, are now unlocked, thus depriving Apple and its carrier partners the fees they would normally have collected from phone service revenue.

The popularity of the unlocking software is also putting more pressure on Apple to do away with its strategy of picking a single carrier per country to exclusively sell the device.

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