



MAC FACTS

from

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A Message from Dru

Happy Valentine's Day! Remember - Children in the front seat cause accidents, accidents in the back seat cause children.



Don't forget President's Day on the 15th. Remember when we celebrated both Lincoln and Washington's birthdays in February? If pro is the opposite of con, then the opposite of progress must be... ;-)



By Jove, I think we've done it! As many of you know, I do a radio show on Sunday nights at 7pm - 9 pm on WBAP (820 on your AM dial as well as 'live' on the Net) "the 50,000 watt blowtoarch of the Southwest". Its a very atypical call-in/talk show called *Cyberline*. We speak about 'all things cyber'. For the last 18 months I have just been a participant, the 'Mac' guy. Well, no more. Starting February 28th and ongoing, one show per month will be an entire show of and for Mac users! Martha Whitehouse from Apple will be joining us (subject to her availability) and we will answer any and all questions relating to Mac. So save up your questions and call us. You can check out the *Cyberline* web site at <http://www.cyber-line.com>.



Following up on last months comment about phone etiquette - *Mama always taught me the proper etiquette is to identify yourself on the phone BEFORE launching into your story* - The same can (and should) also be applied to e-mail and fax messages. Stange as it might seem, I don't have all of your e-mail addresses memorized as yet. For example who'd have thought that 'bunkie@intercomp.net' would be Steve Forester. So please, be courteous, sign your e-mail and faxes with both your first and last names.



We're movin' on up...Not to the west side, but to D Magazine. See our ad in the March issue.



Know someone who'd like MacFacts? Just have them send us their e-mail address (or fax number) and we'll add them to our list!



New iMacs and New G3s

by Geoff Duncan

In his keynote at Macworld Expo in San Francisco, Apple Interim CEO (iCEO) Steve Jobs introduced new Power Macintosh G3 computers aimed at business and high-end users, plus revved-up versions of the iMac in five new colors, all available immediately.

Tutti Frutti

Now that the iMac is the best selling computer in Apple's history, Apple has introduced a slightly enhanced iMac, available in five new colors - grape, strawberry, lime, blueberry, and tangerine - with matching USB mice and keyboards. The new iMacs retail for \$1,199 and feature 266 MHz PowerPC G3 processors and 6 GB internal hard drives, but are otherwise almost functionally identical to the initial iMacs, sporting 32 MB of RAM, two USB ports, 10/100Base-T Ethernet, an internal 56 Kbps modem, and built-in monitors that support 24-bit color at resolutions out to 1024 by 768 pixels. Missing in the new configuration, however, are the predecessor's built-in infrared port and the undocumented expansion slot. The original Bondi blue iMacs with 233 MHz processors and 4 GB drives are still available for \$999, which puts Apple below the sub-\$1,000 computer market.

Reaction from Macworld attendees had little to do with new specifications and everything to do with new colors. Random opinion seemed to indicate grape is the most popular, although all the new hues certainly had adherents. I'm disappointed there's no bright yellow "banana" flavor (recalling a banana-branded computer in a once-popular comic strip) but there's little doubt Apple eschewed yellow to avoid having the word "lemon" associated with the iMac. However, since many iMac peripherals are blue and white, no doubt users will soon be criticized by fashion mavens: "I can't believe you're using that scanner and that trackball with a tangerine computer! Tsk!"

Yosemite

The iMac wasn't the only item to become more colorful at Macworld Expo: Apple also introduced new minitower Power Macintosh G3 systems dressed up in iMac-like blue and white cases with four built-in (and fully functional) handles. Informally known by the codename Yosemite, these new Power Mac G3 systems feature PowerPC G3 processors running at speeds up to 400 MHz with 1 MB of backside cache, connected to the rest of the computer via a 100 MHz system bus. The Yosemite systems offer five bays for internal storage devices, two of which can be used for removable-media devices like CD-ROM and Zip drives. Getting inside is elegantly simple: just lift a lever and most of the computer swings down, allowing generous access to RAM, expansion slots, and drive bays. (The Yosemite cases can also be locked, for folks concerned that access is too easy.) Unlike previous Apple systems, the Yosemite machines will run with their cases fully open, although doing so isn't recommended because it interferes with the air flow cooling the G3 processor.

Yosemite systems bear other similarities to the iMac. They use iMac-style PC100 SDRAM DIMMS, although they offer four sockets that can accommodate as much as 1 GB of RAM. They lack floppy drives, serial ports, and SCSI, instead offering two USB ports and two new high-speed FireWire ports. USB first appeared on the iMac, so it's new to high-end Macintosh systems.

- Net sales for the first quarter of 1999 were \$1.71 billion, an 8% increase over the same quarter in 1998. The increase in net sales is primarily attributable to a year-over-year 49% increase in Macintosh CPU unit volume.

- The iMac represented 55% or 519,000 of the total Macintosh CPU units sales during the first quarter.

- Apple experienced year-over-year unit volume growth in both its Power Macintosh G3 and Powerbook G3 product lines of 23% and 39%, respectively.

- Apple had \$33 million of incremental net sales in the first quarter of 1999 related to the introduction MacOS 8.5, the most recent version of the Company's Macintosh operating system.

- Average revenue per Macintosh system, a function of total net sales related to hardware shipments and total Macintosh CPU unit sales, fell 26% to \$1,776 during the first quarter of 1999.

- International sales for the first quarter of 1999 represented 47% of consolidated net sales versus 50% in the first quarter of 1998 and 37% during the fourth quarter of 1998. On a year-over-year basis, total Macintosh unit sales during the first quarter of 1999 increased 55% in Europe, 26% in Japan, and 33% in the rest of Asia.

- Gross margin for the first quarter of 1999 was 28.2% as compared to 22.4% for the same quarter in 1998 and 26.8% for the fourth quarter of 1998.

- Apple expects gross margins to decline sequentially during the second quarter of 1999 due to "lower net sales of MacOS upgrades and pricing pressure on consumer products."

- Apple expects operating expenses to decline sequentially during the second quarter of 1999 by approximately \$40 to \$45 million due to seasonally lower marketing expenditures.

- On February 2, 1999, Apple sold 2 million shares of ARM stock for net proceeds of approximately \$59 million and a gain before taxes of approximately \$55 million which will be recognized as other income by the Company in the second quarter of 1999.

- Apple spent a good portion of the filing discussing the Y2K problem, which the company says it is fixing internally, and for the Macintosh market at large. Apple also says it believes the Y2K issue will not have a material adverse effect on the Company.



Connectix Wins First Round of Sony Lawsuit --

The San Francisco Federal District Court last week rejected Sony's request for a temporary restraining order on shipments of Connectix's Virtual Game Station, a PlayStation emulator for Apple's G3 Macs. There's been speculation that Sony is suing Connectix not because the company expects to win, but because it's important to protect intellectual property. If Sony didn't sue in this situation, that fact might hurt Sony in a future lawsuit. Since companies often lose money on console video game hardware, instead reaping profits in sales or licensing of the games, it's unlikely that Sony wants to stop sales of Virtual Game Station, which stands only to increase sales of PlayStation games. Along with other interesting information along that line, there are additional details about Virtual Game Station's hardware requirements. It turns out that hardware combinations other than Apple' G3 Macs may meet Virtual Game Station's requirements. [Gamers, rejoice!]