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Bloomberg

to be talking to at least four major publishers, including Conde Nast, Hearst, News Corp. and Time Warner.

The service would also address a longstanding complaint for reading on the iPad by enabling background downloads of the latest issues. A cornerstone of the <u>Amazon Kindle</u> has been its ability to fetch new periodical issues automatically.

On the iPad, readers have to download each issue themselves.

Apple is also said to be following Adobe's cue and developing tools to help create much more visually rich publications with videos and other features that aren't available in the plain ePub format used by iBooks. Some have speculated that Apple's decision to again allow third-party iOS tools

stemmed from a need to serve publishers used to making print-style layouts, often with Adobe's Creative Suite apps.

Companies have also wanted to develop for more tablets than just the iPad and have complained that they have limited resources and time to support both Apple and other platforms like Android.

Creating the service would be seen as a way of luring customers specifically to the iPad but disputes remain over how to price the titles and how to divide the revenue between Apple and publishers. Apple normally demands a 30 percent cut of every form of media that passes through its store but the royalties could significantly hurt the effective price versus paper. Although digital has much less overhead, most existing iPad magazines have cost as much as or only slightly below print editions and are usually much more expensive than a year's subscription to paper.

The approach may be alluring regardless of terms, as the earlier rumor suggested Apple would let subscribers opt into providing the data that magazines and newspapers want. Demographics are often crucial to print as they help tailor the ads and the editorial content itself to the audience. Apple's current privacy rules prevent this and leave publishers without much guidance.

A launch could come as early as within two months but the timing is such that Apple may simply wait until the next-iPad refresh, which most anticipate in early 2011, to show its efforts.