

# How Apple Innovates

## Executive Summary

In the age where advances in engineering and manufacturing have enabled thousands of products, the entire product portfolio of the largest company in the world by market capitalization with an annual revenue of nearly \$200 billion fits comfortably on a small table. This is the story of Apple Inc. This purpose of this project is to examine Apple leadership team's thought processes and unique business innovations to try to understand the causality of the intense success of this innovative company.

The rise of Microsoft's Windows product and the lack of innovation from Apple in the 90's brought the company to the brink of bankruptcy. When Steve Jobs returned to the company in 1997 with Apple's acquisition of his company NeXT Computer, he brought in radical changes to transform the focus on making great product to enrich people's lives. We look at some of the changes he made upon his return including dramatically culling the product portfolio, a company wide reorganization to increase collaboration and a change in the marketing voice. He also opened Apple's first retail stores, which enabled customers to try products in an intimate environment before buying them. Next, we look at how Apple leverages its unique supply chain and operations expertise to cut exclusive deals with suppliers, its capital expenditure as a leading indicator of realization in share price, its global supplier infrastructure and Chinese contract assembly operations. We then assess the potential of their latest product—Apple Watch, and give our outlook for their foray into television industry. Finally, we address the questions about the company's future under Tim Cook and if Apple in the decades ahead can still be the innovative company as it was under Steve Jobs's stewardship.