

Strategic Business Analysis on Apple

Presented by Team 12



Key External Factors Affecting Apple

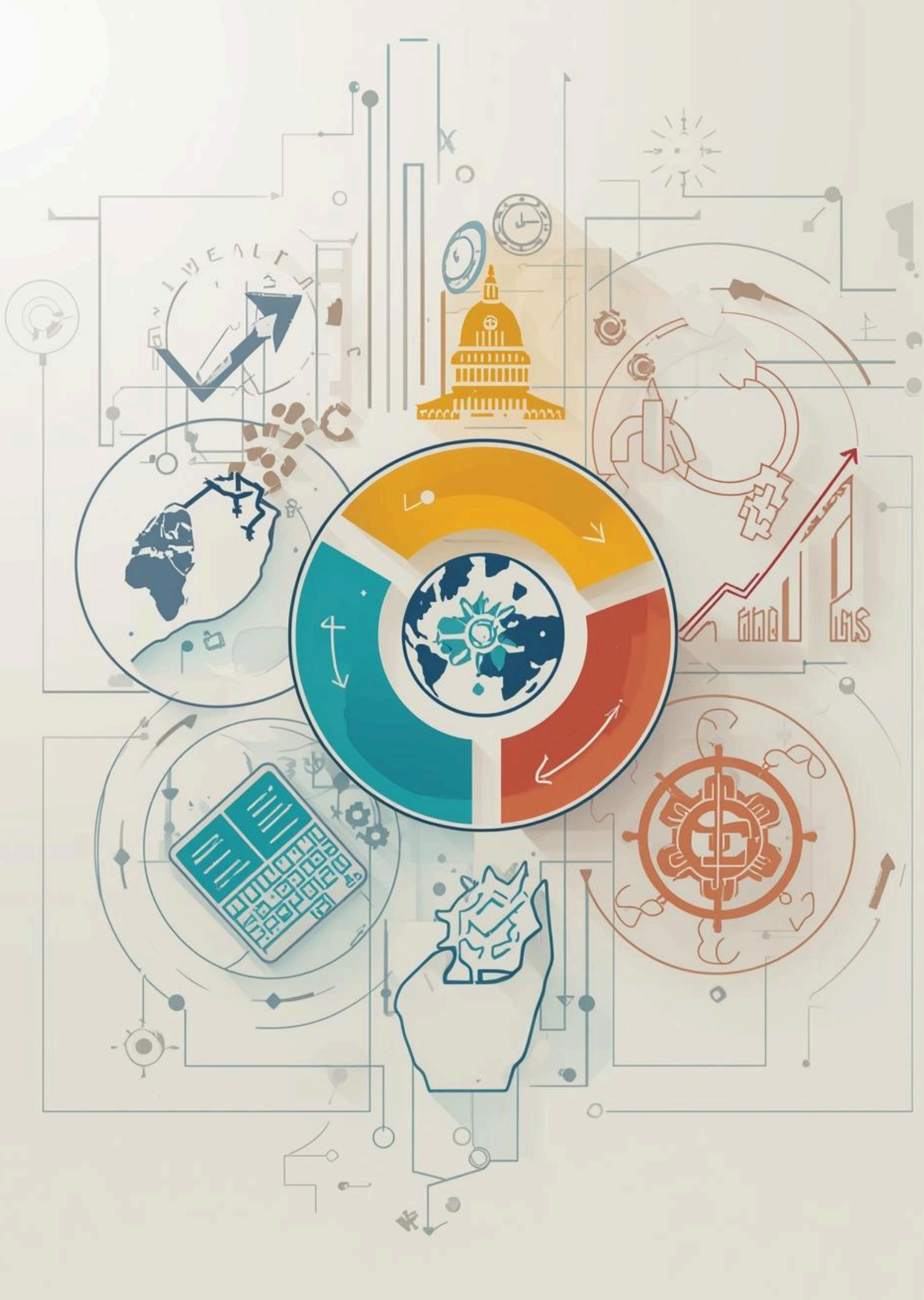
Understanding the market landscape

Economic Conditions

- Supply-chain concentration vs. resilience: An Asia-centric manufacturing network is cost-efficient but exposed to natural disasters, logistics bottlenecks, and geopolitical/trade shocks that can raise landed costs and delay output.
- FX/margin sensitivity: The FY2023-FY2024 dip reflected a weaker hardware cycle and foreign-exchange headwinds; mix and margin rebounded in FY2025 with record iPhone and Services contributions.

Regulatory Changes and Compliance

- EU Digital Markets Act: Apple
- U.S. antitrust scrutiny: Department of Justice's smartphone-monopolization case adds litigation and policy risk that can reshape distribution/defaults.



Corporate Financial Analysis (5-year)

Fiscal Year	Total Net Sales (\$M)	Total Cost of Sales (\$M)	Net Income (\$M)	Year-End Share Price (USD)	Employees (FTEs)
2025	416,161	220,960	112,010	255.46 (Sep26, 2025)	166,000
2024	391,035	210,352	93,736	226.73 (Sep27, 2024)	164,000
2023	383,285	214,137	96,995	170.15 (Sep29, 2023)	161,000
2022	394,328	223,546	99,803	148.09 (Sep23, 2022)	164,000
2021	365,817	212,981	94,680	144.33 (Sep24, 2021)	154,000

- **Revenue growth: Net sales ↑ ~14% from \$365.8B (FY2021) to \$416.2B (FY2025).**
- **Profit growth: Net income ↑ ~18% from \$94.7B to \$112.0B.**
- **Cost efficiency: Cost of sales as % of net sales improved ~58% → ~53%; gross margin lifted ~42% → ~47%.**
- **Workforce: Headcount 154k → 166k, indicating sustained R&D and operations capacity.**
- **retains the financial strength, workforce scale, and operating reach to execute its integrated hardware–software–services strategy and advance its mission and long-term vision.**

Apples Top 5 competitors

company name	revenue	gross margin	net income	market cap	employees	share price
ALPHABET INC. (XNAS:GOOG)	385,476,000	228,095,000	152,443,000	\$3,534,312,000,000	190,167	\$289.98
MICROSOFT CORPORATION (XNAS:MSFT)	293,812,000	202,037,000	126,012,000	\$3,620,460,000,000	228,000	\$478.43
AMAZON.COM, INC. (XNAS:AMZN)	691,330,000	345,982,000	95,220,000	\$2,380,604,000,000	1,578,000	\$217.14
Meta Platforms, Inc. (XNAS:META)	189,458,000	155,350,000	85,090,000	\$1,484,969,071,200	78,450	\$589.15
NVIDIA CORPORATION (XNAS:NVDA)	165,218,000	115,400,000	100,896,000	\$4,389,551,999,999	36,000	\$180.64

What does the competition look like?

- Amazon leads peers on top-line revenue
- Microsoft and Meta post very high margins from software and ads.
- Nvidia's net income and market cap reflect AI-infrastructure leadership (accelerators+platform).

Where does apple stand?

- sits behind Amazon in revenue but ahead of most peers on absolute profits.
- Strength lies in a vertically integrated hardware–software–services ecosystem and a massive installed base that fuels Services growth.

“An effective organizational structure aligns strategies and improves communication by defining roles and responsibilities.”

– BUSINESS INSIGHTS

Vertical Structure

- Organized by discipline (Hardware Eng., Software Eng., Silicon, Design, Ops, Services); leaders own functional excellence (Podolny and Hansen; Apple, How Apple Is Organized for Innovation).
- Centralized decision rights → deep expertise, consistent quality, tight HW-SW-silicon integration.
- Small, focused teams; end-to-end ownership with high bars and confidentiality.
- Strengths: specialization speed, uniform standards. Watchouts: coordination load; reliance on exec reviews.

Horizontal Structure

- Products ship via cross-functional integration linking HW-SW-Silicon-Services-Ops-Retail.
- Shared milestones/reviews ensure features land coherently across iPhone/iPad/Mac/Watch + iCloud/Music/App Store.
- Go-to-market sync: Apple Retail + Online align pricing, demos, care globally.
- Values as glue: privacy, accessibility, environment align decisions across teams.
- Outcome: synchronized, large-scale launches and strong ecosystem lock-in.

Strategic Management Overview

Corporate Strategy

- integrated ecosystem to drive loyalty across all segments
- diversified facilities enabling sustained innovation.

Firm Strategy

- Functional (vertical) org with deep expertise
- Supply-chain excellence
- Retail + online orchestration

Industry Analysis

- Extremely competitive across digital services
- China pressures: retailer discounting and local rivals elevate price competition

Risk Management

- Concentration risk: Asia-centric manufacturing efficient but vulnerable to disasters, logistics, and geopolitics; managed via audits and supplier programs.
- Diversification: Accelerating India build-out and multi-sourcing to reduce single-country exposure (with ramp/transition risks).

Performance Metrics

- 5-yr trend: Net sales ↑ ~14% to ~18%
- Services at all-time highs; strategic role as high-margin stabilizer

SWOT

Key Points Overview for Discussion

Strengths

- Integrated ecosystem
- Huge installed base
- Vertical integration & privacy differentiation
- Financial strength
- Global reach & channels
- Clear mission/values

Weaknesses

- Revenue concentration in iPhone
- Premium pricing exposure
- Regulatory friction & developer tension
- Supply-chain concentration risks
- Internal DEI gaps

Opportunities

- Platform-level AI rollout
- Spatial computing & wearables
- Geographic supply-chain diversification
- Services growth runway
- Sustainability leadership

Threats

- Antitrust & platform regulation in EU
- Chinas smartphone market is becoming increasingly more competitive
- US and chinas trade war

Recommendations

Leverage Strengths

- Auto-onboard Apple Intelligence with 30-day tips to push weekly AI use >30% in year 1.
- Launch Apple One “AI Pro” (extra PCC + early features) to lift Services ARPU.

Fix Weaknesses

- Reduce iPhone mix $\leq 40\%$ by FY27 by default-surfacing AppleCare+, iCloud+, and Apple One at activation/renewal.
- App Store: cut review SLA <24h and raise Small Business cap to \$5M to boost developer NPS.

Pursue Opportunities

- Localize/ship Apple Intelligence to top-10 markets in 12 months (>80% device coverage).
- Launch Vision Pro Enterprise Starter Kits (HW + MDM + app bundles + fixed-price deployment).

Mitigate Threats

- Publish transparent EU App Store economics and add default-choice screens (one-tap “restore Apple defaults”).
- Build multi-node resilience (inventory buffers, dual logistics lanes, risk digital twin).

