Putting Apple’s House in Order

Returning to profitability and growth
Putting Apple’s House in Order

Returning to profitability and growth

- Improved cash position:
  - $1.4 billion after NeXT acquisition
Putting Apple’s House in Order

Returning to profitability and growth

• Improved cash position:
  – $1.4 billion after NeXT acquisition
• Goal: Return to sustainable profitability by next fiscal quarter (September)
Putting Apple’s House in Order

Returning to profitability and growth

- Improved cash position:
  - $1.4 billion after NeXT acquisition
- Goal: Return to sustainable profitability by next fiscal quarter (September)
- Lowered break-even point
Putting Apple’s House in Order

Returning to profitability and growth

- Improved cash position:
  - $1.4 billion after NeXT acquisition
- Goal: Return to sustainable profitability by next fiscal quarter (September)
- Lowered break-even point
- Downsized company
Putting Apple’s House in Order

Return to profitability and growth

- Improved cash position:
  - $1.4 billion after NeXT acquisition
- Goal: Return to sustainable profitability by next fiscal quarter (September)
- Lowered break-even point
- Downsized company
- Sharp focus on core business
Addressing Customer Concerns
Addressing Customer Concerns

- Quality organization in place
Addressing Customer Concerns

- Quality organization in place
- Minimum DRAM configurations raised to 16 MB
Addressing Customer Concerns

- Quality organization in place
- Minimum DRAM configurations raised to 16 MB
- Consolidating product line
  - All desktops now under Power Macintosh brand
1997: Year of the Product
1997: Year of the Product

New: Macintosh PowerBook 2400

- 4.4 pounds
- PowerPC 603e (180 MHz)
- 10.4-inch active-matrix screen
- 256K level-2 cache
- 2 PC-card slots
- 16 MB standard (up to 48 MB
- 1.2 GB hard disk
1997: Year of the Product

On the way...

- Hardware advances
- Mac OS 8
- Rhapsody (Developer Release)
How can Macintosh succeed in a world dominated by the Wintel standard?
Apple Leadership

Digital content creation

- 80% Color Publishing
- 64% Web Design
- 54% CD Titles

Sources: Griffin Dix, Dataquest, QED
Apple Leadership

Scientific and Technical markets

45% Chemists

40% Architects

85% Hospitals (Japan)
Macintosh Is the Market Leader in K–12 Education

• Recent wins bolster #1 position
Macintosh Is the Market Leader in K–12 Education

- Recent wins bolster #1 position
  - Northshore School District
  - $4 Million
Macintosh Is the Market Leader in K–12 Education

- Recent wins bolster #1 position
  - Northshore School District
    - $4 Million
  - Spring Branch Independent School District
    - $1.6 Million
Macintosh Is the Market Leader in K–12 Education

- Recent wins bolster #1 position
  - Northshore School District
    - $4 Million
  - Spring Branch Independent School District
    - $1.6 Million
  - Broward County School District
    - $1.5 Million
How can Macintosh succeed in a world dominated by the Wintel standard?
How can Macintosh succeed in a world dominated by the Wintel standard?
What can we do to accelerate and expand our success?
Macintosh Success Factors

Best-of-breed solutions
Macintosh Success Factors

Best-of-breed solutions

Developers Provide

- Market knowledge
- Product insight
- Entrepreneurial energy
Macintosh Success Factors

Best-of-breed solutions

Developers Provide

- Market knowledge
- Product insight
- Entrepreneurial energy

Apple's Direction

- New development platform: Better apps faster
Amplifying the Power of Your Applications

Quantitative factors
Amplifying the Power of Your Applications

**Quantitative factors**

- Mac outperforms Pentium-based systems
Amplifying the Power of Your Applications

Quantitative factors

- Mac outperforms Pentium-based systems
- Higher throughput = higher ROI
Amplifying the Power of Your Applications

**Quantitative factors**

- Mac outperforms Pentium-based systems
- Higher throughput = higher ROI
- The Rhapsody performance boost
  - Symmetric multi-processing
  - Multi-threading
  - Protected memory
  - Advanced I/O
Boosting Human Productivity

Performance + Ease-of-Use
Boosting Human Productivity

Performance + Ease-of-Use

- Delightful user experience
Boosting Human Productivity

Performance + Ease-of-Use

- Delightful user experience
- Focus on work, not the computer
  - Apps work together
  - Consistent user interface
  - True plug-and-play
Amplifying Adobe Photoshop

The Macintosh Advantage

- Runs faster
- Accelerators
- Plug-ins (commercial and Shareware)
Amplifying QuarkXPress

The Macintosh Advantage

- Xtensions
- Scripting (AppleScript, Frontier)
- Apple publishing environment
  - Color synchronization
  - Font management
  - QTML
  - Page to Web
Today’s differentiation is not enough to win in the broader market...
What can we do to accelerate and expand our success?
Raising Perceived Differentiation

Focus on Distinctly Superior User Values (DSUV)
Raising Perceived Differentiation

Focus on Distinctly Superior User Values (DSUV)

- Compelling user experience
Raising Perceived Differentiation

Focus on Distinctly Superior User Values (DSUV)

- Compelling user experience
- Outstanding performance
Raising Perceived Differentiation

Focus on Distinctly Superior User Values (DSUV)

- Compelling user experience
- Outstanding performance
- Seamless connectivity
Raising Perceived Differentiation

Focus on Distinctly Superior User Values (DSUV)

- Compelling user experience
- Outstanding performance
- Seamless connectivity
- Cross-platform compatibility
Raising Perceived Differentiation

Focus on Distinctly Superior User Values (DSUV)

- Compelling user experience
- Outstanding performance
- Seamless connectivity
- Cross-platform compatibility
- Breakthrough industrial design
What Our Customers Value
Apple Customers

87% Repurchase Index

87%
“Autumn Upgrade Windfall”
— Dataquest
To surpass the highest expectations of people who love and rely on the Mac.
How can Macintosh succeed in a world dominated by the Wintel standard?
Bridgeware

Macintosh

Windows
Bridgeware

Macintosh

Windows

Internet

Java

QuickTime Media Layer (QTML)
Yellow Box Delivers
Yellow Box Delivers

- Higher performance
Yellow Box Delivers

- Higher performance
- Rock solid stability
Yellow Box Delivers

- Higher performance
- Rock solid stability
- Most efficient development platform
Yellow Box Delivers

- Higher performance
- Rock solid stability
- Most efficient development platform
- Excellent Java integration
Yellow Box Delivers

- Higher performance
- Rock solid stability
- Most efficient development platform
- Excellent Java integration
- Cross-platform development
Yellow Box Delivers

- Higher performance
- Rock solid stability
- Most efficient development platform
- Excellent Java integration
- Cross-platform development

**Code Once**

**Deliver on Multiple Platforms**
Rhapsody Architecture

- Advanced Mac Look and Feel
- Mac OS
- Yellow Box OPENSTEP based
- Java
- Core OS
- PowerPC
Rhapsody Architecture

Advanced Mac Look and Feel

Mac OS

Yellow Box OPENSTEP based

Java

Core OS

PowerPC
Development Platform

Development Platform

Yellow Box

User Environments

- Rhapsody
- Windows 95
- Windows NT
- Rhapsody for Intel
Leading Java Implementation

- 100% Pure Java
- Access Yellow Box APIs from Java
- Deliver robust, media-rich apps
Rhapsody Architecture

Advanced Mac Look and Feel

Mac OS

Yellow Box OPENSTEP based

Java

Core OS

PowerPC
Rhapsody Architecture

Advanced Mac Look and Feel

Mac OS

Yellow Box
OPENSTEP based

Java

Core OS

PowerPC
Continuing Development of Mac OS

Mac OS 8 (Tempo) - July 1997
- Rhapsody Developer Release

Allegro - Summer 1998
- Rhapsody Premier Release

Sonata - Summer 1999
- Rhapsody Unified Release
“The multi-threaded Finder, new interface features, and improved speed make my computer much more usable.

I haven’t experienced a crash in ages, it’s like a whole new machine.”

—Ishir Bhan, Harvard Medical School
Continuing Development of Mac OS

Mac OS 8 (Tempo)
- July 1997
  - Rhapsody Developer Release

Allegro
- Summer 1998
  - Rhapsody Premier Release

Sonata
- Summer 1999
  - Rhapsody Unified Release
Dual OS Strategy

Maximize your opportunities
Dual OS Strategy

Maximize your opportunities

• Mac OS continues for years to come
Dual OS Strategy

Maximize your opportunities

- Mac OS continues for years to come
- Rhapsody on the horizon
Dual OS Strategy

*Maximize your opportunities*

- Mac OS continues for years to come
- Rhapsody on the horizon
- Customers can migrate to Rhapsody at their own speed
Rhapsody Offers Customers...

- Stability
Rhapsody Offers Customers...

- Stability
- Performance
Rhapsody Offers Customers...

- Stability
- Performance
- Faithful screen imaging
Rhapsody Offers Customers...

- Stability
- Performance
- Faithful screen imaging
- Rapid application development
Rhapsody Offers Customers...

- Stability
- Performance
- Faithful screen imaging
- Rapid application development
- Internet/intranet support
Rhapsody Offers Customers...

- Stability
- Performance
- Faithful screen imaging
- Rapid application development
- Internet/intranet support
- State-of-the-art multimedia
Rhapsody Offers Customers...

- Stability
- Performance
- Faithful screen imaging
- Rapid application development
- Internet/intranet support
- State-of-the-art multimedia
- Ease-of-use
Rhapsody Offers Customers...

- Stability
- Performance
- Faithful screen imaging
- Rapid application development
- Internet/intranet support
- State-of-the-art multimedia
- Ease-of-use
- Dynamic Web applications
Dual OS Roadmap

1997

Mac OS
Mac OS 7.6

Mac OS
Mac OS 8

1998

Mac OS
Allegro

WWDC
Rhapsody
Developer
Release

Rhapsody
Premier
Release

Rhapsody
Unified
Release
Winning Strategy
Winning Strategy

- For Developers:
Winning Strategy

- For Developers:
  - Develop best-of-breed apps
Winning Strategy

- For Developers:
  - Develop best-of-breed apps
  - Develop them faster
Winning Strategy

- For Developers:
  - Develop best-of-breed apps
  - Develop them faster
  - Deploy them on multiple platforms
Winning Strategy

• For Developers:
  — Develop best-of-breed apps
  — Develop them faster
  — Deploy them on multiple platforms

• For Customers:
Winning Strategy

• For Developers:
  - Develop best-of-breed apps
  - Develop them faster
  - Deploy them on multiple platforms

• For Customers:
  - Greater stability and performance
Winning Strategy

- For Developers:
  - Develop best-of-breed apps
  - Develop them faster
  - Deploy them on multiple platforms

- For Customers:
  - Greater stability and performance
  - Superior imaging model
Winning Strategy

- For Developers:
  - Develop best-of-breed apps
  - Develop them faster
  - Deploy them on multiple platforms

- For Customers:
  - Greater stability and performance
  - Superior imaging model
  - Lower cost of ownership
Winning Strategy

- **For Developers:**
  - Develop best-of-breed apps
  - Develop them faster
  - Deploy them on multiple platforms

- **For Customers:**
  - Greater stability and performance
  - Superior imaging model
  - Lower cost of ownership
  - New generation of apps
Hardware Directions

Jon Rubinstein
Sr. Vice President, Hardware Engineering
The Eternal Question
The Answer...Yes!

Apple is a Systems Company
My Goal

To Build the Very Best Computers in the World
Hardware Wins
Where do you want to go tomorrow?
Agenda

- Objective
- Strategic Principles
- Initiatives
Objective—We Want to Lead

To surpass the highest expectations of people who love and rely on the Mac

Designing for our customers
Strategic Principles

Simplify
Strategic Principles

Simplify

Integrate
Strategic Principles

Simplify
Focus
Integrate
Integrate
Strategic Principles

Simplify

Focus

Integrate

Execute

Partner
Initiatives

Performance

Multimedia
Initiatives

Performance

Multimedia

Communications
Initiatives

Performance

Multimedia

Communications

Design

FORM & function
Avadis Tevanian Jr.
Senior Vice President
Software Engineering
Me and Macintosh
The First Three Months
IMF—It’s about Teamwork
Why I’m Optimistic

- Opportunities outside of Apple
- Our recent success
- Our progress
Apple’s Internet Strengths

- Lots of Mac users
- Traditional publishing
- Strong content creation base 64%
- Multimedia leadership
- Dynamic web content
Internet Opportunities

- Platform neutral market
- New application paradigm
- Renewed interest in maintenance cost
Apple’s Success

- Recent product successes: 7.6, 7.6.1
- Tempo on schedule
- Clear plans; focused organization
- We’re making continuous progress
A Solid Base
Mac OS Roadmap
Mac OS 8

- User experience
- Internet services
- Performance
The Developer Proposition

- Volume/Cross-platform
- High quality APIs and Tools
QuickTime 3.0

Apple’s first successful cross-platform development environment bridgeware

- Universal container
  - Cross-platform authoring and playback
  - Scalable open architecture
- Wide acceptance
  - Industry standard for digital media creation
New Features in 3.0

• Professional Video
  – Firewire/DV support
  – Effects and Transitions
  – New file formats: AVID OMF

• Internet Content
  – Low bit-rate video
  – Web based animation and interaction
WebObjects

- Publish dynamic information
- Develop/Deploy cross-platform
- Use any data source
- Develop with Java today
- New support for Acrobat FDF/PDF
Others Demo. We Deploy.
Java
Obj-C, C, C++
Scripting
The First Web Browser

HyperMedia Browser/Editor
An excercise in global information availability
The original WorldWideWeb program
by Tim Berners-Lee

Version: 2.02 with libwww 2.16pre 1

Copyright 1990,91,93,94, TBL, CERN. Distribution restricted: ask for terms.

HyperText: Text which is not constrained to be linear.
HyperMedia: Information which is not constrained linear... or to be text.
Cross-Platform APIs and Tools

Demo
Developer Benefits

- Best of breed apps
- Shorter development cycle
- Enable full promise of Java
- Deliver solutions across multiple platforms
Getting There

- Metrowerks Latitude
- Helps Mac OS developers make the move to Yellow
Deployment of Yellow Box
Rhapsody

Advanced Mac Look and Feel

Client and Server Editions

Mac OS

Yellow Box

Core OS

PowerPC
Rhapsody for Intel

Advanced Mac Look and Feel

Yellow Box
OPENSTEP based

Java

Core OS: Microkernel, I/O, File System, etc.

Intel Based PC Hardware
Rhapsody for Intel

Advanced Mac Look and Feel

Yellow Box
OPENSTEP Based

CLIENT AND SERVER EDITIONS

Core 6.0 Mac kernel, I/O, File System, etc.

Intel Based PC Hardware
Yellow Box for Windows

Microsoft Windows™ Look and Feel

FOR DEVELOPERS: NO FEE LICENSING

Intel Based PC Hardware

Yellow Box
OPEN TAP based
Java
Yellow Box for Mac OS

Mac OS Look and Feel

Mac OS

Yellow Box
OPENSTEP based

Java

Power Macintosh, PowerPC Platform Hardware
Java
Obj-C, C, C++
Scripting
Java
Obj-C, C, C++
Scripting
Conference Overview

- Mac OS
- Rhapsody
- Internet/Web technologies
- Interactive Media
- Hardware
120 Hours of Sessions

- Technical Primaries and Breakouts
- Feedback forums
- Sponsored sessions
Special Events

• H.I.D.E. Awards—Tuesday
• Rules for Revolutionaries—Thursday
• Fireside Chat with Steve Jobs—Friday
• Closing Keynote with Guerrino De Luca—Friday
Expo

- Wed-Fri
- Hall 2
- Over 80 Companies
  - WebObjects/OpenStep Solutions
  - Tools