

Investors concerned over Apple direction

SOFTWARE

News analysis

Steve Jobs has given no timetable for his return from medical leave, says Joseph Menn

Investors reacted with concern that Steve Jobs' departure on medical leave from Apple could delay key new product introductions and add long-term uncertainty about the direction of the company he founded.

Apple's decision to put out the statement on a US public holiday with markets closed left investors to register their fears in Frankfurt, where Apple has a secondary listing, sending the US group's shares down 8 per cent.

Mr Jobs gave no timetable for his return from his second medical leave of absence in two years. He is keeping the chief executive title, but is again handing over responsibility for the day-to-day running of the business to Tim Cook, chief operating officer.

While Mr Cook drew wide praise for running Apple as interim chief executive in the first half of 2009, during Mr Jobs' last medical absence, it was only after the founder's return that Apple introduced the much-heralded iPad.

"Unfortunately, even

Steve Jobs isn't superhuman. There may come a point where health problems necessitate a change in leadership," says Noah Elkin, an eMarketer analyst. "Everyone knows at some point it will happen."

Apple declined to say what was wrong with Mr Jobs, fuelling speculation that his cancer had returned. An earlier recurrence of a rare type of pancreatic cancer was the presumed reason for his liver transplant in 2009.

Liver transplants fail to completely remove similar tumours as much as 30 per cent of the time, according to cancer specialists.

Apple's failure to specify a return date for Mr Jobs this time round has served to heighten speculation that he may not return. During his 2009 leave, Apple said Mr Jobs would be absent for six months; in fact he returned more than a week early.

"I love Apple so much and hope to be back as soon as I can," Mr Jobs said in an e-mail to staff. "In the meantime, my family and I would deeply appreciate respect for our privacy."

He continued: "I have great confidence that Tim and the rest of the executive management team will do a terrific job executing the exciting plans we have in place for 2011."

The announcement follows a recent increase in speculation about his



Steve Jobs in action in California last year: the succession issue is one that has dogged Apple for years

Bloomberg

health. Mr Jobs did not appear on stage during last week's announcement that the iPhone would be coming to Verizon Wireless next month, ending a four-year exclusive US relationship with AT&T.

And a joint appearance with Rupert Murdoch, News Corp's chief executive, in

San Francisco, scheduled for Wednesday, was ostensibly delayed in order to give Apple more time to work through software changes to its iTunes online store. News Corp is looking to launch a subscription news product for the iPad.

Apple has a strong management team, including Mr

Cook, who is head of logistics and manufacturing, as well as top industrial and software designers. But more than any other group of its size, it is seen as the embodiment of one man's vision. Mr Jobs makes all of the big design decisions and picks which projects the company will pursue.

"Steve gets up and says we have 15 fantastic ideas, but we're only going to do these three," said one long-time employee.

He is an ardent and sometimes temperamental perfectionist, on occasion ignoring the thrust of a prototype to focus on one tiny aspect of its presentation.

In Apple's early days, the introduction of the original Macintosh personal computer popularised the easy-to-use graphic interface, helping to transform the industry.

Mr Jobs did it again for the music industry in the last decade with the iPod music player and iTunes

online store. He then shook up the mobile phone industry with the introduction of the highly successful iPhone in 2007.

The introduction of the iPad tablet, last year, looks to transform the landscape for mobile computing.

Mr Jobs is also the force behind Apple's wildly successful approach to marketing, which includes great secrecy.

His absence could raise questions about continued improvements to his latest pet project, Apple TV, an internet connected set-top box.

The succession issue is one that has dogged Apple for years. The company this month opposed a shareholder proposal that would have asked it to make its plan public. Apple has said that it has one in place and that the board reviews it regularly but refuses to give any details.

"My suspicion is there's quite a good succession plan already in place, so there won't be much immediate impact," says Richard Windsor, a technology analyst with Nomura in London. "But sentiment is a completely different kettle of fish. The sentiment is that he's the heart and soul of the company."

Additional reporting by David Gelles and Paul Taylor in New York and Richard Waters in San Francisco

See Lex

Steve Jobs at Apple

Apr 1976 Apple Computer launches with \$1,300 from founders Steve Jobs (below) and Steve Wozniak



Dec 1980 Apple goes public with 4.6m shares. Share price rises 32 per cent on its first day of trading, giving the company a market value of \$1.8bn



Sep 1985 John Sculley, the company's president, assumes helm after management shake-up that causes the departure of Jobs



Oct 2001 Apple launches the iPod, the digital music player



Jun 2007 Apple launches the iPhone, the company's first foray into mobile phones

Jun 9 2008 Speculation about Jobs' health intensifies after he appears at an Apple event, looking pale and gaunt

Dec 2008 Jobs withdraws from giving the keynote address at the Macworld show fuelling speculation about his health

Apr 3 2010 Apple launches the iPad tablet computer. It sells 4.2m units in the three months to the end of Sep 2010



Jan 17 2011 Apple grants Jobs medical leave but said that he would continue as chief executive and remain involved in major strategic decisions

1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011



The first Apple logo, 1976



1976 to 1998



1998 to now

Dec 1996 1996 Apple acquires NeXT, a software company that Jobs formed when he departed. This brings the co-founder back to Apple as a special adviser



Jul 1997 Gil Amelio, chairman and CEO, is ousted by the board after crippling financial losses. Jobs later named interim chief executive

Sep 2004 Jobs returns to work after revealing in August that he had undergone successful surgery for pancreatic cancer

Jan 14 2009 Still recovering from cancer, Jobs announces he is taking six months medical leave

Jun 22 2009 Jobs returns as Apple's active chief executive a few days ahead of schedule, following a liver transplant

Sep 10 2009 Jobs makes first public appearance since medical leave, touting a revamped iTunes music service

Source: FT research