Apple Must Show It Can Still Deliver Without Jobs

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SAN FRANCISCO (AP) — With Steve Jobs bowing out as CEO, Apple Inc. must persuade investors and consumers that it doesn't need the force behind the iMac, iPod, iPhone and iPad in charge to keep the technology hits coming.

Tim Cook, his hand-picked successor, has handled the top job repeatedly in the absence of the ailing Jobs, who resigned as chief executive Wednesday and was elected chairman of Apple's board. Though not nearly as recognizable as Jobs, Cook had been running Apple since January. The company's stock has risen 62 percent during that time.

Jeff Gamet, managing editor of Apple-focused news site The Mac Observer, said Jobs' departure has more sentimental than practical significance. He said he has been telegraphing the change for several years.

"All Apple really has done is made official what they've been doing administratively for a while now, which is Tim runs the show and Steve gets to do his part to make sure the products come out to meet the Apple standard," he said.

But Trip Chowdhry, an analyst with Global Equities Research, said Jobs' maniacal attention to detail is what has set Apple apart. He said Apple's product pipeline might be secure for another few years, but he predicted that the company will eventually struggle to come up with market-changing ideas.

"Apple is Steve Jobs, Steve Jobs is Apple, and Steve Jobs is innovation," Chowdhry said. "You can teach people how to be operationally efficient, you can hire consultants to tell you how to do that, but God creates innovation. ... Apple without Steve Jobs is nothing."

Jobs' resignation appears to be the result of an unspecified medical condition for which he took a leave from his post in January.

In a letter addressed to Apple's board and the "Apple community," Jobs said he "always said if there ever came a day when I could no longer meet my duties and expectations as Apple's CEO, I would be the first to let you know. Unfortunately, that day has come."

Jobs' health has long been a concern for Apple investors, who see him as an oracle of technology. He had previously survived pancreatic cancer and received a liver transplant.

The company said Jobs gave the board his resignation Wednesday and suggested that Cook, Apple's chief operating officer, be named the company's new leader. Apple also said Cook is becoming a member of its board.

Genentech Inc. Chairman Art Levinson, in a statement issued on behalf of Apple's board, said Jobs' "extraordinary vision and leadership saved Apple and guided it to its position as the world's most innovative and valuable technology company."

He said that Jobs will continue to provide "his unique insights, creativity and inspiration," and that the board has "complete confidence" that Cook is the right person to replace him.

"Tim's 13 years of service to Apple have been marked by outstanding performance, and he has demonstrated remarkable talent and sound judgment in everything he does," Levinson said.

Earlier this month Apple briefly became the most valuable company in America, surpassing Exxon Mobil. At the market close Wednesday, Apple's value was $349 billion, just behind Exxon Mobil's $358 billion.

Jobs' hits seemed to grow bigger as the years went on: After the colorful iMac computer and the now-ubiquitous iPod, the iPhone redefined the category of smartphones and the iPad all but created the market for tablet computers.

His own aura seemed part of the attraction. On stage at trade shows and company events in his uniform of jeans, sneakers and black mock-turtlenecks, he'd entrance audiences with new devices, new colors and new software features, building up to a grand finale he'd predictably preface by saying, "One more thing."

Jobs, 56, shepherded Apple from a two-man startup to Silicon Valley darling when the Apple II, the first computer for regular people to really catch on, sent IBM Corp. and others scrambling to get their own PCs to market.

After Apple suffered a slump in the mid-1980s, he was forced out of the company. He was CEO at Next, another computer company, and Pixar, the computer-animation company that produced "Toy Story" on his watch, over the following 10 years.

Apple was foundering as he returned as an adviser in 1996 — a year it lost $900 million as PCs based on Microsoft Windows dominated the computer market. The company's fortunes began to turn around with its first new product under Jobs' direction, the iMac. It launched in 1998 and sold about 2 million in its first 12 months.

Jobs eventually became interim CEO, then took the job permanently. Apple's popularity grew in the U.S. throughout the 2000s as the ever-sleeker line of iPods introduced many lifelong Windows users to their first Apple gadget. Apple created another sensation in 2007 with the iPhone, the stark-looking but powerful smartphone that quickly dominated the industry.

The iPad was introduced less than a year and a half ago but has already sold nearly 29 million units as it inspired myriad rivals in a tablet computer market that

scarcely existed before Apple stepped in.

There have been some setbacks. Apple was swept up in a massive Securities and Exchange Commission inquiry into stock options backdating in the mid-2000s, a practice that artificially boosted the value of options grants. But Jobs and Apple emerged unscathed after two former executives took the fall and eventually settled with the SEC.

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