APPLE COMPUTERS

Apple Computers (now Apple Inc.) is a good example of a company that has embraced globalization and has grown very quickly by taking advantage of integrated business processes and information technology. If you have ever purchased or used an Apple iPod, you probably have noticed a label on the back that reads, "Designed by Apple in California, Assembled in China." Apple does not manufacture iPods in its own factories. In fact, it hardly has any factories anymore.

In 1998, Apple Computer was a much different company than it is today. For one thing, there weren't any iPods or iPhones or Apple Stores. The company sold only Mac laptop and desktop computers and a few other similar products. In fact, Apple produced only six main products and sold them almost entirely through a network of resellers. The company manufactured these products in their main factories in Ireland and Singapore, and they controlled every aspect of production and distribution, from the initial design through the delivery of finished products to their resellers. Apple's resellers were typically small, specialized local computer firms that placed orders with Apple for computers and then sold them to local companies or individuals. Unless you knew exactly where to look, it was often difficult to find an Apple computer. In addition, Apple had very little knowledge about its customers because the resellers, and not Apple, actually sold the computers to them.

Over the next 10 years, Apple Computers evolved into Apple Inc., a much larger and more visible company. Consider these numbers. In 1998, Apple Computers had 6,658 employees and less than $6 billion in revenues. At the beginning of 2008, Apple Inc. had 21,600 employees and more than $24 billion in revenues. In 1998, Apple generated almost all its revenues through reseller channels. By 2008 they had opened nearly 200 retail stores all over the world and had nearly $4 billion in revenues just from those stores and Internet sales. Apple's product line had also grown from 6 to more than 27 main products, including digital music, movies, and television through iTunes.

How and why did this transformation occur? The answer is that several things occurred in 1998 that signaled this rapid growth and expansion for Apple and resulted in some major changes in the way the company operated. First, Steve Jobs returned to Apple as its CEO after several years outside the company. At the time Jobs returned, Apple wasn't doing very well. In an attempt to turn the company around, Jobs instituted some very big and difficult changes. Jobs understood that Apple needed to focus on its core competency: designing easy-to-use and engaging hardware and software products. He immediately revamped the product line by modernizing the Mac operating system and providing Apple computers with new Internet capabilities.

In addition, Jobs started to outsource manufacturing operations to specialized high-tech manufacturing companies, primarily located in Asia. Because Apple's core competency was designing the products, they did not need to continue to manufacture these products themselves. Jobs's next initiative was to launch the Apple Online Store to sell products directly to consumers over the Internet. Getting close to customers was crucial for Apple's plans to provide users with a better and more engaging experience.

Finally, Jobs implemented SAP R/3, an enterprise system, to manage all the new processes that resulted from the other strategic changes in product design, manufacturing, and sales. Every one of the strategic business changes that Apple made in 1998 fundamentally transformed the core business processes that had been in place for many years. For these new processes to be effective, they had to be visible and accessible to employees across Apple's entire spectrum of business operations. They also had to eliminate several areas of inefficiency among groups in the company. The information systems that were in place in 1998 could not grow to support the expansion in product categories, geographic locations, and revenues. Therefore, Apple had to implement an integrated enterprise system that would be able to grow flexibly as the company's business expanded.

Since 1998 Apple has continuously expanded its enterprise system to incorporate new business processes and capabilities. By 2008 Apple had one of the largest and most advanced integrated enterprise systems in the world. The company manages every iPod, iPhone, Mac, and other Apple product from the design phase through final sales in a set of integrated enterprise systems. In fact, Apple's enterprise systems are so critical that its business would come to a halt if these systems stopped working for even a few minutes.