

Watch Apple CEO Tim Cook's full interview from the Berkshire Hathaway shareholder meeting

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Key Points

- Apple CEO Tim Cook sat down with CNBC's Becky Quick at Berkshire Hathaway's annual shareholder meeting this past weekend.
- Cook told CNBC how he first learned Berkshire Hathaway CEO Warren Buffett was investing in his business.
- He also discussed Apple's acquisition strategy, which includes buying a company on average every few weeks.

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Watch CNBC's full interview with Apple CEO Tim Cook

Tech

Apple CEO Tim Cook attended Berkshire Hathaway's annual shareholder meeting for the first time this weekend.

During the event, Cook sat down with CNBC's Becky Quick to discuss how he first learned Berkshire Hathaway CEO Warren Buffett was investing in his business and the advice he had on buyback for Apple. Cook also shared details about Apple's acquisition strategy and his thoughts on being targeted by politicians in calls for tech regulation.

Read the full transcript of Cook's interview below.

The transcript has been lightly edited for clarity:

BECKY QUICK: Let's talk about being here. This is your first time at Berkshire Hathaway.

TIM COOK: Very first time. I'm a rookie.

BECKY QUICK: What do you think of the annual meeting so far?

TIM COOK: I think it's incredible. I've never been to an annual meeting like this before. You know, I thought ours was lively, but there's 40-plus thousand people here. And I love the fact that Warren and Charlie take every question, and of course through all of it, not just the wisdom that they exude, but you can feel the integrity and the humility coming out. I think it's a great learning experience for me and for everybody in the audience I'm sure.

BECKY QUICK: Yeah, it's definitely unique. Let's talk a little bit about how you first found out that Warren Buffett was investing in your company. What happened? I don't know the story.

TIM COOK: Well, I found out probably like you did. Which is the 13F gets filed, and somebody tells me about it, and I went, "Oh, this is really cool. Warren Buffett is investing in Apple." You know, we welcome all shareholders, but we run the company for the long term. And so the fact that we've got the ultimate long-term investor in the stock is incredible because our interests are aligned.

But, I knew Warren before then. But we had no idea they were looking at the company. They do all that obviously secretly and have their own method of doing that. And it's been a privilege, and I'm super happy they've been accumulating.

BECKY QUICK: What happened when you found out? Was there talk around the office? Were there any high-fives? Or was it a, "Oh boy, now what?"

TIM COOK: It seemed like recognition in a way, like an honor and a privilege. And I don't mean that in a lighthearted kind of way. I mean, wow, it's Warren Buffett is investing in the company. And, yeah, so it felt great, I think for the whole company.

Because we knew that he didn't, he's been very clear, he didn't invest in technology companies and companies he didn't understand. He's been totally clear with that. And so he obviously views Apple as a consumer company, and in a different kind of way. I think that's really special.

BECKY QUICK: Well, I wanted to talk to you about that too. Warren, since he bought the stock, and a lot of other people since then have also said the same thing, that it's a consumer company, not a technology company. How do you feel about that? Because I still think of you as a tech company too.

TIM COOK: We're in the tech industry, but we work at that intersection of technology and the liberal arts and the humanities. And so we make products for people, and so the consumer is at the center of what we do. And so I love the fact that he looks at us like that, because we want consumers to look at us like that.

We believe that technology should be in the background, not the foreground, and that technology should empower people to do things and help them do things they couldn't do otherwise. But if things appear as technology, they're not used very much, you know. They are for other people, not for all of us. And so I love the fact that he looks at it like that.

BECKY QUICK: Well, how do you think of the company just in terms of what your mission is, how do you go about doing things? We hear from different companies. Amazon's always talking about how it's about the customer. What is your kind of modus operandi?

TIM COOK: Our mission is to make the best products in the world in those areas that we choose to participate that enrich people's lives. And so, if we can't make the best product, we don't go in. If we can make a great product, but it doesn't help anybody, it doesn't enrich their life, then we're not gonna go in that either.

That's a pretty narrow funnel then, because you're working on a few things. And we know that in order to do them at the quality level that we want to do them, we can only do a few. And, you know, we can do more than we used to do, because we're a bit larger now. But still, in the scheme of things, relative to the size of Apple, we do a very few things.

BECKY QUICK: How does that work, just in terms of processing? Are there dozens or even hundreds of projects that are taking place that eventually funnel their way to where you make that decision about which one's gonna be the next one you jump on?

TIM COOK: It's not nearly as formal as that. Apple is, in some ways, it's like a big start-up, in that it has an informality about it. And the company tends to run itself horizontally. And so we're functionally organized, but teams work together on projects. And these teams are empowered to come up with new things. And people are coming up with new things that are not in those teams as well. And so there's a nice heavy debate culture in Apple where the best ideas are debated. And then we choose from the best of the best to decide what to spend our time on.

BECKY QUICK: I think Apple has probably always had a culture of debate. Is it a culture of nicer debate these days?

TIM COOK: Is it nicer? Oh, some people think I'm nice, and some people think I'm not. And I don't, you know, I let other people conclude that. What I believe in, I think collaboration is very key for us. You can't run a structure where you want all the products in the company to work together well, if the company isn't working together well.

You know, or otherwise, that shows up at the customer. And so, I think collaboration is key, but debate is also key. And to have a healthy tension and debate is fundamental to coming up with great ideas. And so, I suspect if some people could be invisible and step into some of our meetings, they would think, "Oh, these folks don't like each other." But really and truly, people at Apple ... it's like a big family in a way. But big families argue and debate things as well, and we do that too.

BECKY QUICK: What's a topic of debate at headquarters these days?

TIM COOK: There's always a debate on what will happen, what categories we should go in, what categories we should not go in. We debate about features. We debate about trends. We debate about new technologies, because choosing which technology to bet on many years before that technology makes itself to a customer and makes a difference is really key, because these things are very long-term investments. We debate about where to put our emphasis in geographies. We debate everything, but in a good way.

BECKY QUICK: I won't ask you to tell me about a debate that's taking place specifically right now, because obviously that's proprietary. But tell me about a hotly debated subject that we might already know the answer to. Just give me a story about how something that works. One that you remember saying, "Oh, this was a big debate."

TIM COOK: Well, there was a healthy debate about going into the watch space. Right, a very healthy debate. And about what it could eventually do for people, and how much emphasis to place on the health and fitness side of that. You know, where to put the relative balance.

You could imagine, there's an incredible set of features in the watch just to do things like curate when you're interrupted, and people are now taking calls on them. And sort of the things that you would think is part and parcel to the iPhone, but in a curated manner. And, or you could, to put the emphasis on fitness and health and so forth, and we've elected to do some of this in a great way. But we put an enormous amount of energy in the health and-fitness and wellness side as well. And that was a new area for us. And so a healthy debate should have happened, and it did.

BECKY QUICK: Obviously, you were on the side of really embracing that in the end, because nothing's gonna get made without you signing off on it. Were you always on that side, or did you come around in the debate?

TIM COOK: You know, I've always thought that if you want to enrich somebody's life, one of the most important things, or certainly in the top two or three is their well-being. And I think because of a number of factors in society and so forth, people have sort of outsourced a bit of how they wanna feel to their doctor.

And we've always been about empowering the person and democratizing things. And now all of a sudden, you can do an E.C.G. on your wrist. Now all of a sudden, this thing will alert you if it believes you have A-fib. And it doesn't replace the doctor, obviously.

But people don't wake up one day and say, "Oh, let me get an E.C.G. today," right? It's, maybe you have one or two or three in a lifetime. And maybe you only have them if you have a really serious thing that's happened a number of times. Now you can do it anytime. And I'm getting so many notes from people that have found out they do have A-fib, and they've told me that their doctor has told them that, if they would not have reached out, they would have had a very serious, very, very serious health issue.

And, you know, these are profound things. The notes I get from people that have lost a ton of weight, because this thing gets you in a mode where you want to close these rings. And it is. It's sort of a true North.

BECKY QUICK: In terms of counting how many steps or counting how much activity you've done?

TIM COOK: Exactly, because we can all kid ourselves. "Oh, I think I've done a lot today." But, you know, this thing tells you the truth. And so I just see all of these tentacles for people. I've seen where people went off, they didn't have their phone with them, they got into an extraordinary issue.

One guy turned over in a car. He sent me a note saying, "My phone went out the window when the car rolled over. I was on this country road, nobody within a distance. I would have been left for dead, if I wouldn't have been able to contact emergency services." I've had both young people and older people tell me that the fall detection on here has gotten them out of a huge jam because they had a problem and they fell. And not in a way that they could get back up, right?

And so I look at these things, and I see the kind of things we're doing with health records. I see the kind of things we're doing with the V.A. And I just think we're on the cusp of a very long path to helping people. And if you can help people, you can build a big business out of that.

BECKY QUICK: Yeah. Let's talk about a debate that you've been front and center on in the public sphere, and that's privacy.

TIM COOK: Yes.

BECKY QUICK: You have been very outspoken about this.

TIM COOK: Yeah.

BECKY QUICK: When did Apple make that decision to say, we are not going to sell our customers' data, we're gonna protect it, we think that's an important one?

TIM COOK: It's sort of foundational to the way we think, because we work for the consumer. And so we if we can convince you to buy an iPhone, we'll make a little bit of money. But we don't want to use you as our product. And we just have a fundamental issue with doing that.

And we've always thought that the building of a detailed profile about your life ... could result in tragic things, whether it's a breach of your own privacy or something where the data itself could be used in a nefarious way. And so, we've never thought it was right to do it, and we've always thought that you own it. I don't own your data; you do. And we've sort of got ourselves that we feel a level of responsibility, that we know that more about you is on your phone than anywhere else in your life.

I mean, your phone knows your thoughts. Your phone knows your friends, your kids, maybe where they are. It knows your financials. It knows your health data. It has all of this information far beyond anything else in your life. If a burglar broke into a house and went

through every drawer in your home, they would know a lot less than if they opened your phone. And so, we think with that comes a great responsibility on us to help you, because everybody can't be a computer scientist and figure out how to do all of these things.

BECKY QUICK: Facebook and others have taken a different tack. A different business model. And I think some of what's happened from that may be part of the reason that Washington and other regulators are really looking to crack down on big technology. They've lumped you in with the bunch that they'd like to kinda break up potentially. Do you get frustrated by that?

TIM COOK: I'm frustrated that tech is painted as monolithic. Tech is not monolithic. That would be like saying, "All restaurants are the same," or "All TV networks are the same." You know, they all have their own personality and characteristics and so forth.

And so, if you look at Apple, we're large, and we're geographically in the same location as a lot of tech companies. And that is about the extent of the commonality. Market cap may be another one perhaps, but put those aside. I don't think anybody would call us a monopoly, or anybody that has a very deep, antitrust kind of mindset. Because you look at our share. We have 15% share in the world on smart phones and eight or nine on personal computers, and so on and so forth. And so the share is clearly not a dominant kind of company or dominant market. That's different depending upon which of these companies you look at, right?

The privacy thing is a huge difference. We don't traffic in your data. We very much are on your side. We also curate our platform. We've always viewed that there's a web, and we support a free and open web. And we support net neutrality. But we've never viewed that our platform should just be a replication of this. We think it should be ... unique and curated, and we think our customers want that.

That they want the safety, security, and privacy that goes along with that. And so we've always curated ... we don't get wrapped up in a pretzel about saying, "No, that doesn't go on our platform, no that app doesn't work, and therefore it's not going in the App Store." I know that that has opened us for criticism. But it's a part of being a shop owner or whatever. If you own the shop on the corner, you decide what goes in your store.

And so I think a lot of these kind of things make sound bites and maybe play in politics with elections and these sort of things. But I don't view them as having deep substance in them, and I believe they are at the root, as you point out, tech is being painted with a big roller. And it needs to be painted with a fine-tipped brush.

BECKY QUICK: When Steve Jobs was running Apple, and Bill Gates was running Microsoft, they were kind of each other's nemesis. They had a frenemies type of relationship, where they respected each other, but they definitely competed pretty harshly. Who's your nemesis?

TIM COOK: I don't view that I have one. I'm sure there's a lot of people who don't like me. And I hope there's a lot of people that do. But, I mean, for us we compete with a whole bunch of people. It's a fierce market. We compete on the operating system side with Google and Microsoft.

We compete in the hardware space with Samsung and Huawei and many other prominent Chinese companies, in particular. We compete in the PC space with Dell to H.P. to Lenovo. And so each one of these markets we're in has a significant number of competitors. But ... I don't fixate on the personalities or the company. We focus on the customer, and always ask ourselves, "What more can we do for the customer?" You know, and so that's how we look at it.

BECKY QUICK: Finally, I just want to ask you about the share buybacks. Another \$75 billion that's been authorized for repurchases. Warren Buffett's been talking about that today. He's a huge fan of it. Have you spoken with him at all about that?

TIM COOK: You know, this is a funny story a bit, is back in 2012, I'd been in the CEO spot maybe a year or so. We had a growing amount of cash. I think we had just crossed the \$100 billion mark, if my memory is correct. And I was getting lots of input from a lot of different people, as you can guess.

And when I don't have experience in something, I always make a list of the people that I think are the smartest people that I can contact to talk to them and get advice. And Warren was on the top of the list. As you can imagine, I'd never met Warren before. And so I get his number. I call out into Omaha. And I'm think — I wasn't sure he'd take the call. You know, I'm just sort of calling outta the blue. He doesn't know me from Adam. But he took the call, and I had a great conversation with him. And that was the first time that I'd met Warren.

And he was very clear to me. I still remember it. He said, he goes, "Let me just cut through it. If you believe your stock is undervalued, you should buy your stock." And I thought that was just the simplest way of looking at it. So here's what we do is, we first and foremost take care of our people, and we take care of the company and the future of the company. And we've been investing a ton in both this country and some others.

We're gonna spend \$350 billion in the United States in building new sites. And we've just got the new expansion in Austin and so forth. So all of that is number one, right? And then if we have money leftover, we look to see what else we do. We acquire everything that we need that can fit and has a strategic purpose to it. And so we acquire a company on average, every two to three weeks.

BECKY QUICK: Small companies.

TIM COOK: They're small companies. We don't announce them. We are primarily looking for talent and intellectual property.

BECKY QUICK: Every two to three weeks, you're buying a company?

TIM COOK: Every two to three weeks.

BECKY QUICK: I had no idea.

TIM COOK: We bought probably 20 to 25 companies in the last six months or so. And then, we look at, what do we have leftover? And if we've got something leftover, we look at where we can place it. And the top value that we believe we can place it is investing in ourselves and investing in Apple. And so we do that. We're fortunate in that, when we buy our stock we think that almost 50% of U.S. households own Apple stock, either directly or indirectly through indexes and mutual funds and so forth. And so it helps everybody or helps a large number of people.

Watch: [Buffett: I'm 'wildly' in favor of Apple repurchasing shares](#)

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