

Apple's Initial Phone Strategic Alliance

Related Video:

Search on YouTube for = *Steve Jobs Introduces the iTunes Phone Motorola ROKR in 2005*

Background to the iTunes Phone Launch

Start by first reviewing the video on the iTunes phone launch.

By way of background:

- Apple partnered with Motorola in 2005 to launch the iTunes phone (ROKR)
- This is because they believed that they did not have the in-house capabilities (at the time) to develop a phone
- They were concerned that phones had the potential to reduce their iPod (MP3) sales, as phones were starting to reduce sales of cameras - therefore, the iTunes phone was primarily a defensive measure
- The product was not overly successful and there were some difficult working relationships between Apple and Motorola - as Apple wanted a greater degree of control
- Around that time, the smart phone market was becoming far more significant in size
- As a result of these factors, Apple decided to "go it alone" and develop and launch their own smart phone, which would become the iPhone in 2007

Student Discussion Questions

1. Do you find it surprising that Apple believed that they did not have the internal capabilities to develop a phone in 2005, given what you probably know about Apple today?
2. What do you think that they meant by "internal capabilities"?
3. Given Question One - do you think that firms have "self-confidence"? If so, has Apple's level of self-confidence changed since 2005 and how would that affect their strategic decisions?
4. How important was the Motorola/Apple strategic partnership in terms of Apple remaining competitive and defending their market position for iPod and iTunes?
5. Was there a risk in Apple developing the iPhone without their experience with (and exposure to) Motorola and phone design?
6. Therefore, was the iTunes (ROKR) phone a necessary step in Apple's new product development process and their very successful iPhone two years later?