



# The GAB'er

The Newsletter of the Greater Albany Apple Byters

Volume 29, Number 4 - December 2012

## Apple's "Steve Jobs" Patent Found Invalid by USPTO

If you were to take all the patent-related Apple news over this past year, end to end, it would stretch to the moon and back. OK, maybe not that much -- but it seems like every time we turn around there's commotion over Apple losing a patent, or suing another electronics maker for infringement. Today, the USPTO has overturned yet another Apple filing, the second in as many months.

As noted by the Foss Patents blog, the United States Patent and Trademark office has "tentatively" declared an Apple patent covering multitouch as invalid on all accounts. Commonly referred to as the "Steve Jobs" patent, filing No. 7,479,949 contains 20 claims in regards to "touch screen device, method, and graphical user interface for determining commands by applying heuristics."

While many names are listed with the '949 patent, Jobs's name is listed first. The very same patent was successfully used as part of Apple's case against Samsung last August, but was unsuccessful in persuading the court in a recent filing against Motorola. Judge Posner, who presided over the Motorola trial, forbid Apple from referring to the patent as the "Steve Jobs patent."

Of course, this is only a preliminary decision by the USPTO, and there's still a chance the patent could be upheld through later channels. But as Foss further notes, the complete rejection of the entire patent filing is a potentially bad omen for Apple.

Back in October, the USPTO also ruled the "rubber-banding" Apple patent as invalid. The ruling is also still tentative, and contains 20 claims.

## Coordinator's Corner



by John Buckley



With the Holidays approaching, many of us have our heads in the clouds. This month we will talk about putting our computers there also. We will look at the different approaches to Cloud

Computing and how that can make your life a lot easier.

As usual, check our [website](#) for the most current GAAB information. You will find a map and aerial photograph showing how to get to the meeting location.

At the December meeting we will set the schedule for the remaining demonstrations and then take a look at some of the features of Mountain Lion Operating System (OS X 10.8). There have been two updates since its release and a new one on the way. So members should feel safe in installing the new system. It is only available through the Mac App Store with a cost of \$19.99.

To find out what's happening, GAAB is the place to be. So be sure to be at our December meeting and every meeting to find out the best information about the Mac and other Apple products.

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**Next GAAB Meeting**  
**December 12, 2012**  
**Mountain Lion (OSX 10.8)**  
  
**7:00 p.m.**  
**St. Mary's Hospital**  
**Troy, NY**

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The Greater Albany Apple Byters is an Apple Computer User Group. Meetings are held the second Wednesday of each month (except July and August) in Room 212 of Troy High School, located on Burdett Avenue, Troy, NY.

Annual membership fee is \$10.00. Membership privileges include this newsletter, access to a large public domain software and video/audio tape library, local vendor discounts, special interest groups, and other special offers.

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#### Officers & Special Interest Group Leaders

Program Coordinator  
John Buckley  
272-7128

Membership Director  
Cecilia MacDonald  
872-0823

Treasurer  
Cecilia MacDonald  
872-0823

Public Domain Librarian  
Bill Shuff  
393-9753

Newsletter Editor  
Roger Mazula  
466-7492

Education SIG  
John Buckley  
272-7128

Internet SIG  
Lou Wozniak  
465-2873



## Apple Ambassador

by John Buckley

### Apple Mac to Be Made in USA by Thomas Claburn, InformationWeek

Apple shareholders may not be thrilled, but Apple's decision to make some Mac computers in the U.S. will bring more jobs, training to domestic workers.



Apple plans to shift production of one of its Mac computers from China to the United States in 2013, a move that may mute criticism of labor practices at its contract manufacturers in China, please customers who have expressed a preference for American-made goods and hearten business leaders who have decried the decline in American industry.

"We've been working for years on doing more and more in the United States," Apple CEO Tim Cook said to NBC's Brian Williams in [a TV interview](#). "Next year, we will do one of our existing Mac lines in the United States."

That's a relatively insignificant portion of the products Apple makes. In the quarter that ended September 29, 2012, Apple sold 4.9 million Macs, far fewer than the 26.9 million iPhones sold. Even so, Cook noted that certain iPhone components, like its glass screen, are already made in the U.S. and shipped abroad for assembly.

Williams asked what a shift to U.S.-based manufacturing would do to the price of an iPhone, a question based on the assumption that goods can be manufactured for less abroad than in the U.S.

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Wi-Fi hotspots are a blessing for travelers and anyone who just wants to do a little Web surfing while having lunch or coffee in a shop. Connecting is convenient, and it helps users avoid going over their cellular data limits and getting socked with overage fees.

If you're not careful about using free public Wi-Fi, however, strangers can snoop on your email and social network conversations. Worse, if you're too casual about mobile banking or shopping, you could end up with a hacked bank account or credit card account.

Hackers with routers and readily available software set up rogue hot spots for spying and serving you fake websites. You and your tablet will think you're connecting to the coffee shop's Wi-Fi, but you've fallen into a trap.

Despite the risks, it's easy to protect yourself and thwart the bad guys. Follow these tips to surf more safely.

### Turn off sharing

If you use a laptop, you might have it set to share files and folders with other computers at work or home. You don't want these settings on when you're using a public network.

Windows Vista, 7 and 8, make it simple to automate your sharing settings. When connecting to a public hotspot for the first time, Windows asks for a location type. Make sure you set it to "public." This will automatically modify sharing settings for maximum safety.

On a Mac, go to System Preferences>>Sharing and make sure all the sharing boxes are unchecked. You'll have to turn on the controls again when you want to file share on your home or work network.

### Don't automatically connect to Wi-Fi networks

It's handy when your smartphone, tablet and laptop automatically connect to your home and work networks, but that can lead to trouble when you're out and about.

Hackers often give their rogue hotspots generic names such as Coffee Shop, Linksys or AT&T Wireless. You want to be certain you are connecting to the router of the business.

Tweak your gadgets' settings so you have to manually join networks in public. Then verify with a store employee that you are connecting to the correct network.

You might think that an establishment with password-protected Wi-Fi is safer, but that's not the case. Passwords are good for keeping people out of your home network, but for public networks, anyone can join. Once a hacker is on, your gadgets are accessible.

By the way, your home Wi-Fi is encrypted, right? If not, you're grounded from going out in public until you lock it down! I have detailed instructions [here](#).

### Be smart about mobile banking and shopping

It's best to wait until you're at home to do any online banking or shopping. If you must make an emergency balance transfer or an immediate purchase to save a significant amount of money, it's safer to use a cellular connection instead of Wi-Fi. [Just be careful to stay under your data limit.](#)

When banking, use your institution's official app and sign up for any extra security that your bank offers. Bank of America's SafePass program, for example, sends a text message with a 6-digit code to authorize a transaction. The code expires as soon as you use it.

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## Education SIG

Compiled by John Buckley

Two articles show the importance of education and training in the technology field. The Capital District with the introduction of the technology at colleges and in the manufacture could be in a good position to draw additional technology jobs. Two articles this past week show the importance of having a well-educated work force and training capacities.

### Apple Manufacturing in USA: CEO Tim Cook Shares Company's Plans to Make a Line of Macs in America by Catherine Smith, Huffington Post

As Apple faces increased scrutiny for hiring foreign firms to manufacture its products overseas, CEO Tim Cook says that the U.S.-based company is looking to bring more jobs back home.



In an [interview on "Rock Center with Brian Williams" on Thursday, December 6](#), Cook said that a line of Apple's Mac computers will be manufactured in the U.S. in 2013. He did

not say which line would be made in America, nor did he address recent [reports that customers had spotted new iMac computers with the words "Assembled in USA"](#), instead of "Assembled in China," printed on the devices.

The announcement was made as Cook and Williams sat and chatted about the company's products. When Williams asked Cook why Apple isn't a made-in-America company, Cook replied thus:

You know, this iPhone, as a matter of fact; the engine in here is made in America. And not only are the engines in here made in America, but engines are made in America and are exported. The glass on this phone is made in Kentucky. And we've been working for years on doing more and more in the United States. Next year, we will do one of our existing Mac lines in the United States.

Williams also asked Cook how bringing manufacturing jobs back to the U.S. from China would affect the price tags attached to devices like Macs, iPhones and iPads.

"Honestly," Cook said to Williams, "It's not so much about price, it's about the skills, et cetera. Over time, there are skills that are associated with manufacturing that have left the U.S. Not necessarily people, but the education system stopped producing them."

[During an lengthy interview with Bloomberg Businessweek](#), which hit stands on Friday, Cook reiterated his plans to hire manufacturing partners in the U.S. to work on the domestically made Macs.

"We could have quickly maybe done just assembly, but it's broader because we wanted to do something more substantial," [Cook told Bloomberg](#). "So we'll literally invest over \$100 million. This doesn't mean that Apple will do it ourselves, but we'll be working with people, and we'll be investing our money."

"[W]e have a responsibility to create jobs," [Cook also said, per Bloomberg](#). "I don't think we have a responsibility to create a certain kind of job, but I think we do have a responsibility to create jobs [...] Over 60 percent of our sales are outside the United States. So we have a responsibility to others as well. But this is our home market, and I take all of those very seriously—jobs, education, giving back, the environment."

[Most of Apple's manufacturing is completed by hands in China](#), where wages are far lower than in the U.S. Even President Barack Obama has said that many of these jobs will remain on foreign soil. "[T]here are some jobs that are not going to come back, because they're low-wage, low-skill jobs," [Obama said during a pre-election debate](#) against Republican challenger Mitt Romney in October.





[CNN Money points out](#) that the late Apple co-founder Steve Jobs, whom Tim Cook replaced as CEO in 2011, stated the same belief expressed by the president. [CNN Money highlights a passage from Walter Isaacson's biography of Steve Jobs](#) that touches on an exchange between Jobs and Obama that took place during a dinner with Silicon Valley elites, hosted by the president in Washington:

Apple had 700,000 factory workers employed in China, [Jobs] said, and that was because it needed 30,000 engineers on-site to support those workers. "You can't find that many in America to hire," he said. These factory engineers did not have to be PhDs or geniuses; they simply needed to have basic engineering skills for manufacturing. Tech schools, community colleges, or trade schools could train them. "If you could educate these engineers," he said, "we could move more manufacturing plants here." (Steve Jobs, p. 546).

The Cupertino-based Apple in recent months has taken steps to respond to intense criticism from customers and activists over the treatment of workers in its global supply chain, particularly at massive industrial mini-cities operated by manufacturing giant Foxconn. A small team of independent investigators from the non-profit Fair Labor Association were hired by Apple earlier this year to inspect conditions at three China-based Foxconn plants; the probe turned up a number of ["serious and pressing" abuses of Chinese labor laws](#). Apple ordered the audits after a [string of worker suicides](#) at one of Foxconn's Shenzhen plants, an [explosion](#) at a Foxconn plant in Chengdu, and a [spate of reports](#) about unsafe working conditions and improper labor practices emerged from assembly lines where workers assemble iPhones, iPads and iPods.

## Region May Have Apple's Eye

*Top-secret talks hint firm is weighing area for new plant*

by Larry Rulison, Albany Times Union

MALTA — Apple Inc. and worldwide demand for its iPhone and iPad — and maybe soon iTV — may be behind top-secret efforts to land a second major semiconductor manufacturing facility in the Capital Region.

Since the fall, consultants representing a major high-tech manufacturer have been pitching New York economic development officials a plan for a 3.2 million-square-foot production facility that would likely cost as much as \$10 billion to build. Sites under consideration include [Luther Forest Technology Campus](#) in Malta, which is already home to a \$4.6 billion computer chip factory, and a site in Oneida County next to SUNY IT.



Phil Schiller, Apple's senior vice president of worldwide product marketing, introduces the iPad Mini in San Jose, Calif., Tuesday, Oct. 23, 2012.

Although the plans — dubbed Project Azalea — became public last month, the exact identity of the company that wants to build the factory has never been revealed.

That's likely because Deloitte, the consulting firm leading an international search for a suitable site for the facility, hasn't yet disclosed its client, even to state and local officials who have signed strict non-disclosure agreements

Increasingly, though, it appears that whoever is behind Project Azalea wants to build the mega factory to satisfy Apple, which had \$156 billion in sales during the past year and is considered the world's most valuable company.

And, based on analyses by industry experts, the most likely scenario involves one of the companies that supplies computer chips to Apple for its iPhone and iPad devices and Macintosh computers — or a company vying to win Apple's business.

The idea that Foxconn, the Chinese company that assembles the iPhone and other products for Apple, is behind the site search, seems plausible — especially after Apple CEO [Tim Cook](#) said during an interview with NBC that Apple wants to start shifting its manufacturing back to the United States. Foxconn, which had previously denied any plans for a new U.S. facility, said it now was considering expanding in the U.S. to satisfy its customers' needs.



Apple is Foxconn's largest customer, and Foxconn has been expanding its reach into the market for LCD TV screens. Apple is also expected to soon unveil a TV device, which many believe will be called the iTV. And more than likely, Foxconn would supply the LCD panels for those TVs. Some LCD panel factories in Japan have cost nearly \$10 billion to build.

However, industry insiders say that it is more likely that one of the major chip suppliers is looking at this region for a site to build a factory to satisfy Apple's incredible demands for processors for its products.

"We are clearly not talking about an assembly factory here. We are rather talking about very advanced manufacturing facility, which is likely to be a state-of-the-art semiconductor fab," said [Anton Shilov](#), news editor of high-tech website [X-bit Labs](#). "I don't really believe that Foxconn is actually interested in building a large assembly factory with tens of thousands of workers in the U.S."

It just so happens that Apple is in the midst of making some major decisions on who will provide those chips. Two of Apple's major chip suppliers right now are Samsung of Korea and Intel of California.

However, the tech media outlets have been reporting that Taiwan Semiconductor Manufacturing Co. has been angling for the business that Samsung has with Apple.

[TSMC](#) does face one major hurdle, but the issue is the reason that many believe that TSMC could be looking to build a new U.S. plant, possibly in New York, which provided a \$1.4 billion incentive package to GlobalFoundries. TSMC cannot supply as many chips as Apple would need at its existing factories, and Apple, of course, increasingly appears to want more of its products, or parts of its products, made in the U.S.

"A plant in the U.S. could sort out TSMC capacity problems if it could be online fast enough," said [Nick Farrell](#), an Apple expert who writes for [TechEye.net](#).

## Internet SIG

*Continued from page 3.*

Even if you're on public Wi-Fi, most sensitive sites use SSL encryption to scramble the information that passes between your gadget and the Web server. You'll see HTTPS and a padlock icon in your browser's address bar instead of HTTP.

You have to stay vigilant, though. Encryption kicks in at different stages on different sites. If a log-in page isn't encrypted, a hacker could intercept your information with little trouble.

Make sure your email program, Facebook and Twitter accounts are also configured to take advantage of secure HTTPS browsing. The browser add-on [HTTPS Everywhere](#) does it for you automatically.

### Use security software

Your laptop should have the same anti-virus, anti-spyware, and firewall protection that your home computer does. The firewall is particularly important when on a public network. Its entire purpose is to keep snoopers out of your system. [You can find excellent free security software, including firewalls, at my Security Center.](#)

Protect your mobile gadgets with apps such as [Lookout Mobile Security](#). They'll warn you when you're on an unsecured Wi-Fi network, detect security flaws in your

other apps and prevent you from clicking on fraudulent links.

### Look over your shoulder

Not all dangers in the digital world are high-tech. While you're watching the world go by in a busy airport lounge, a snoop could be literally looking over your shoulder with the hope that you might reveal a username, password or credit card number.

It's called shoulder surfing, and it still works.

Preventing this is equally low-tech and effective. Just exercise a little healthy paranoia!

## Program Coordinator

*Continued from page 1.*

The December meeting will be held at St. Mary's Hospital in the Leonard Board Room on Wednesday, December 12, 2012. The meeting will begin at 7 p.m. [St. Mary's Hospital is located at 1300 Massachusetts Avenue in Troy NY.](#)

However, the best route to take from the Northway is the following:

1. Merge onto NY-7 East from the Northway.
2. Follow Route 7 to Troy where it becomes Hoosick Street.
3. Turn left on Oakwood Avenue (10 Street/NY-40) which is the first light after the bridge and bare right.
4. Turn right on Sausse Avenue. Turn left onto Lindenwood Court. When you come to the first entrance to the hospital parking lot, turn left and park.



# Ensure That Time Machine Is Making Restorable Backups in OS X

by Topher Kessler, CNET.com

While Time Machine makes full system backups by default, faults with its settings might keep it from backing up system files. Here's how you can check -- and avoid any unpleasant surprises when you need that backup.



Time Machine is Apple's built-in backup solution for OS X that creates hourly backups of all files on the system. Unlike a clone of the drive, the backups are not directly bootable, but they can be used to restore any instance of your OS installation and file structure to the drive. This makes

it convenient for restoring data to a recently repaired system, migrating to a new one, or undoing a recent configuration change that is causing problems.

This backup solution is quite useful to have and is easy to set up, but there may be instances where Time Machine is configured to avoid important system files and thereby not create backups that can be restored to a bootable state.



Time Machine's exclusion list should show the system files and applications entry, but may not always do so.

Part of Time Machine's configuration is an exclusion list to which you can add files or folders to prevent them from being backed up. This is convenient for some large files, such as virtual machines, to prevent them from being continually backed up, but this feature also contains special handling for the Mac's system files. By default all files on the computer are backed up, but if you add the System folder to the exclusion list, then Time Machine will prompt you to have it not only avoid the system folder, but also other hidden folders on the system.

If enabled, this option will change a preferences setting in Time Machine to have it avoid these system files, which may seem preferable to some people, as it will reserve more Time Machine drive space for backups of your personal data, but it will result in the backups being unusable for restoring the entire system to a bootable state.

OS X will not remind you that it is only backing up your personal data and not the system, so unfortunately if Time Machine is set to omit system files, then you might not be aware of it until you run into a problem and need to restore your system. This may be especially true if, when checking out Time Machine's features, you enabled this option to try it out but then forgot it was set up.



When you add the System folder to the exclusion list, Time Machine will issue this prompt. Selecting the option to exclude all system files will flag Time Machine's hidden setting.

Therefore, if you would like Time Machine to create backups that can be restored to a bootable state, then be sure that system files are not omitted. To do this, you can check your system in one of two ways. First, go to the Time Machine system preferences and see if you have either "\System" or "System Files and Applications" listed in the exclusion list. If so, remove these to ensure that they get backed up.

These being present in the list reflects Time Machine's hidden setting to avoid system files; however, in some instances this setting may be enabled even if these are not shown in the list. You can check for this by opening the Terminal and running the following command:

```
sudo defaults read /Library/
Preferences/com.apple.TimeMachine
SkipSystemFiles
```

If the output of this command is a 1, then Time Machine is set to avoid system files, in which case running the following command should clear the setting and allow Time Machine to create full system backups:

```
sudo defaults write /Library/
Preferences/com.apple.TimeMachine
SkipSystemFiles false
```

After this setting has been changed, keep in mind that when Time Machine next backs up it will now include your system files and therefore take a little longer to complete the backup.



# The Rise and Fall and Rise of Apple: a Brief History

by Angela Alcorn, MakeUseOf.com

The rise of Apple indeed lies with their attitude of “Thinking Differently”. While the company may not have always been heralded as a success, their strength over the years has come from great vision and not always doing the same things as the competition. They have been bold and occasionally put a few noses out of joint, but that’s the price paid for thinking outside the box.

Though many of us are fans of the Apple products, not all fans are well versed in the history of the company. Fewer still have found time to read any of the plethora of books on Apple and Steve Jobs, despite their popularity. However, if you have a little time right now, we may be able to get you up to speed with the defining moments in the company’s history: How did they become so great? Why did they very nearly collapse? What turned things around for them? It’s time to explore this a little further.



## The First Rise of Apple



Apple was founded by Steve Jobs, Steve Wozniak and Ron Wayne in 1976. Despite building prototypes of the Apple I and Apple II, they began with little interest from manufacturers and investors. In 1977, Mark Markkula invested in the company and Apple Computer Inc. officially incorporated. The Apple II was released for public sale soon afterwards.

Steve Jobs, after seeing the Xerox Alto capabilities, decided that a Graphical User Interface (GUI) was the way of the future and became determined to see all of the best features of the Alto incorporated into Apple’s next machine, the Lisa. The Lisa was eventually released well behind schedule and was priced so high that only well off businesses could really afford it.

In the meantime, the Apple III and Apple IIe were released, the former being a high end machine with a price tag to match, while the latter became a popular household computer for the next 10 years. Apple also became a public company in 1980 and share prices instantly skyrocketed, meaning many of the Apple staff members suddenly became millionaires. By 1983 they had entered the Fortune 500 and were officially one of the fastest growing companies in history.



When the [Apple 1984 advert](#) was shown in theatres, and at the Superbowl it was an instant hit. It has since won a number of awards and is still revered as one of the best adverts ever made. This was the world’s big introduction to Apple.

The early 1980s saw steady competition rising from IBM selling millions of PCs. Bill Gates announced that GUIs would be the future of PCs, but many years passed before Windows was released. The competition increased, with Microsoft releasing popular software such as Word and BASIC.

The original Macintosh was released in 1984, known as “the computer for the rest of us”, while the Apple IIc simultaneously received awards for excellence. At the same time, the Lisa 2 was released, later renamed to the Mac XL and eventually discontinued.

Steve Jobs became involved in a lot of internal politics, was stripped of his duties and eventually resigned in 1985. He claimed he would start a new company, so Apple filed a lawsuit against him to stop him using sensitive information in





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competition with Apple, which was eventually settled out of court. Steve Jobs went on to begin NeXT Inc. and their first computer on the market was twice as powerful as anything Apple had produced, while also being \$1000 cheaper.

Meanwhile, an agreement between Apple and Microsoft was reached in 1985 to ensure that Microsoft would continue to produce software for the Mac. Microsoft eventually released Windows 1.01, which was a huge disappointment.

NeXT went on to great heights, developing NeXTstep OS and producing many high-end computers at competitive prices. In 1993 Steve Jobs decided to ultimately change the direction of NeXT in order to focus on OS development, selling the hardware side of the business to Canon. NeXTstep OS stayed ahead of the competition, ensuring that it could run on all the newest hardware, such as the Intel x86 and Pentium processors.

### **The Fall of Apple**

Microsoft Windows 3.1 was released in the 1993, which was a great success. It was slowly replaced by Windows 95 and became a real competitor for Mac OS.

Motorola and IBM meanwhile began to develop PowerPCs, which were quickly taken on by software developers like Adobe and Aldus. Apple quickly developed the PowerPC Upgrade card and released it to consumers. By 1994 the first Apple PowerMacs were released.

By 1996, Apple had begun to license MacOS to Motorola and IBM, which was a move Steve Jobs had suggested just before leaving the company. PowerPC processors moved into the third generation and things were looking very promising for all involved. Apple decided to buy NeXT in order to improve MacOS and stay ahead of the competition from Microsoft.

### **The Recovery Rise of Apple**

In 1997 Steve Jobs delivered an inspirational speech on behalf of Apple, detailing the future of Mac OS and the Mac, among other popular Apple products. Mac OS 8 was soon released and considered a huge success. Jobs was reinstated as CEO of Apple, where he remained until shortly before his death.

Most importantly, Microsoft agreed to continue developing Microsoft Office software for Mac OS, which was possibly the pivotal point for Apple. Microsoft even went so far as to develop a business unit specifically for Apple software, which greatly improved the end product available to Mac OS users.

Later in the year, the PowerMac G3 was released and the first Apple Store was opened. By 1998 the Apple iMac and PowerBook G3 were released and were considered extremely popular. Apple's profits were huge and the public was convinced Apple was again a force to be reckoned with. The iMac also helped to solidify Apple's new place in the market as one which believed in aesthetics and design as well as functionality. Soon, iBooks and PowerBook G4s were on the market as well as the wireless innovation of Airport.

Mac OS X was released in 2001 and showcased a gigantic step forward for Apple's Mac OS. As well as using NeXTstep developments, Mac OS X integrated FreeBSD. The addition of Unix appealed to the IT sector, while the improved GUI was appreciated by consumers and businesses alike. Apple also began to open Apple retail stores in the US to help combat poor sales in third-party stores.

Another Apple innovation was released to the market in 2001, namely the Apple iPod. Its 5GB hard drive was marketed as being able to hold 1000 songs, which was an incredible feat for an MP3 player at the time. The iPod came just after the release of iTunes, the digital music management software.

During 2002, the iMacs underwent a design overhaul, then in 2003 the PowerBook G5s were due to be released. By 2004 these had been combined to form the iMac G5, which was also incredibly thin.



To complement the iPod range, Apple opened the iTunes Music Store in 2003, providing an easy, legal way for users in the US to purchase music online. Apple also released a version of iTunes designed to run on Windows. The iTunes Music Store began to open up to the rest of the world in 2005 and by 2006 it had changed the name to the iTunes Store as they began selling video content.

Apple computers got another welcome change in 2005, when Jobs announced that they would feature Intel Chips, which also meant the machines would be capable of running Windows. New iMacs and MacBook Pro designs were released with the promise that all Apple computer hardware would be Intel-based in the future.

By 2007, Apple Computer Inc. renamed itself to Apple Inc. as they now had many products and future plans that did not merely involve computers. It's a change that has served them well.



The iPhone with iOS was another great Apple hardware and software revolution, released to the market in 2007. The iPhone combined the basic mobile phone with iPod's music and video capabilities, plus the tools of a personal organiser and brought the concept of an app-driven internet capable smartphone to the world. A year later the iPhone 3G was released, allowing users to access the internet via a phone data plan. New iPhones have been released each year since then.



By 2010 Apple had developed the iPad, the iOS tablet which combined all the best features of the iPhone, minus the calling capability, with the size of a small laptop. Just like the iPhone, new models have been released each year, with the iPad Mini arriving on the market quite recently.

The iPod range has developed in many ways over the years, including devices like the iPod Touch that play video and hold up to 160GB data and devices like the iPod Shuffle that are tiny and easy to clip onto clothing. In between these extremes are many models, such as the iPod mini, which are also incredibly popular.

### Apple's Current Position

These days, Apple has a huge line-up of high-end personal computers, iPods, iPhones and iPads. They also have a thriving business through the iTunes Store, selling music, video, and applications for both iOS and MacOS.

When the CEO Steve Jobs died in 2011, many people believed Apple would fall again now that it had lost its visionary leader. So far, this has proven false and Apple has continued to see success.



### The History of Apple in 10 Minutes

If you have a little more time, watch this great [YouTube video which summarises the history of Apple](#) from 1976 to 2010 in just 10 minutes. It covers the basics and is really easy to follow.

What do you think were the most pivotal moments in the rise of Apple throughout history?



## Apple Ambassador

*Continued from page 2.*

Cook responded that the issue isn't price so much as it is skills. "Over time there are skills associated with manufacturing that have left the U.S.," he said, noting that the education system in the U.S. has stopped producing workers with the necessary manufacturing skills and suggesting that Apple's move would help revive manufacturing education programs.

While Apple's reliance on Asian manufacturing over the past decade has contributed to its unprecedented financial success, some organizations have been critical of the cost. Beyond the concerns raised by labor-rights advocates about labor practices at Apple's suppliers in China, the Asian Development Bank Institute, a think tank based in Japan, published a paper two years ago arguing that the [iPhone contributes to the U.S. trade deficit with China](#), and that moving iPhone manufacturing to the U.S. would better fulfill Apple's corporate responsibility obligations.

"Giving up a small portion of profits and sharing them with low-skilled U.S. workers by Apple would be a more effective way to reduce the U.S. trade deficit and create jobs in the U.S.," the paper stated.

The cost to Apple would be lower (but still healthy) margins, which might not please shareholders but would benefit the U.S. economy.

Researchers from the University of Manchester's Center for Research on Socio-Cultural Change (CRESC) [made a similar argument](#) in a paper published in April.

"In an earlier generation, 'what was good for GM in Detroit was good for America' but now Apple's success from California is mostly good for the stock price in a sterile way because (like other insecure tech giants) Apple hoards cash and does little for U.S. economy and society because its products add to the U.S. payments deficit and the company does not employ well paid blue collar workers in the U.S.," the CRESC paper said.

The researchers estimated that an iPhone 4 assembled in the U.S. would raise the approximately eight-hour labor cost for assembly from \$7.10 in China to \$165.67, based on a \$21/hour wage in the U.S., increasing the iPhone's manufacturing cost from \$178.45 to \$337.01. This would reduce Apple's gross margin from \$451.55 (71.7%) to \$292.98 (46.5%), based on a \$630 list price.

The paper argued that were Apple to pursue domestic manufacturing of the iPhone, the company would still have respectable gross margins and the U.S. economy would benefit from job creation. "U.S. assembly would be worse for Apple shareholders, but more beneficial for the U.S. economy instead of higher corporate profits with few sharing in this outcome," the paper said.

[Adam Leaver](#), senior lecturer in business analysis at the University of Manchester School of Business and co-author of the CRESC paper, said in a email that on the surface, Apple's announcement appears to be a positive development, though the devil is in the details, such as how the \$100 million the company is reportedly committing to ramp up U.S. manufacturing will be spent.

Leaver doesn't see Apple's exploration of U.S.-based manufacturing as a trend. He sees the company as a unique brand that thrives as a result of its customers' passionate commitment to the company, the way fans become emotionally invested in a pop band or sports team.

"This was always Apple's seductive appeal, but also a source of fragility because buyers don't want to see the suicides, explosions and deaths when they gaze at the glass-front of their device," Leaver said, referring to the [labor problems](#) that have been reported at Apple's manufacturing partner Foxconn. "They don't want their lifestyle to be associated with such things. So for Apple there is perhaps greater pressure than other firms to resolve this emerging tension between their operating model and the marketing model; between the unpleasant reality of cost control and the imagined associations around the brand. Apple is trying to resolve this tension (or at least allay consumer fears about this tension) with this latest strategic announcement."

Even if Apple's move doesn't herald a broader rival of U.S. manufacturing, Leaver sees the move as broadly beneficial because it will create jobs.

"One of the absurdities of Apple's model in the past is that it uses extraordinary control over its supply chain and input costs to generate [piles of cash](#) which just sit idly on its balance sheet," he said. "It isn't used to hire U.S. workers, nor is it distributed to shareholders as dividends. If Apple sits on less cash and employs more U.S. workers, then that has to be better for the U.S. economy. Are the shareholders interested in that? Probably not, because theirs is a fairly instrumental relation to the firm. But even Apple's shareholders should see the reputational damage related to its Chinese sub-assemblers, and so might look favorably on a strategy to move some assembly back to the U.S. as a means of allaying these fears and adding value to the product. This might also pressure other competitors to



follow suit, which would again mark Apple out as a leader not a follower.”

[Janice Hammond](#), Jesse Philips professor of manufacturing at Harvard Business School, said in a phone interview that while it’s not clear how much manufacturing volume will return to the U.S. in a single Mac product line, what excites her about Apple’s decision is that there seems to be a growing understanding of how to make decisions about what do and not do offshore.

For a long time, she said, companies have been primarily focused on taking advantage of lower labor costs offshore, with a few also considering the benefits of work rule differences in other countries. “One of the very interesting things about people bringing manufacturing back into this country is the speed to market and flexibility they will have compared to importing goods from some distant place like China,” she said.

“I don’t think the U.S. can compete with China on labor costs and I don’t think the U.S. wants to compete with China on labor costs,” Hammond said. “Then the question becomes, ‘What is the competitive advantage of sourcing domestically?’ ... The advantage of manufacturing domestically is that as demand swings, one can quickly adapt.”

Hammond pointed to the series of market disrupting events over the past few years, such as the 2011 tsunami and earthquake in Japan and Hurricane Sandy in 2012. “The further your manufacturing is from your market, the more those disruptions will cost you,” she said.

It’s also advantageous to have your manufacturing close to your research and development facilities, Hammond said.

Hammond stressed that the ability to react quickly to market changes is particularly important for goods that are fashion-oriented, which she argues electronics have become, in the sense that consumer electronics are produced with short lead times and demand prediction is difficult.

Domestic manufacturing also has benefits in terms of intellectual property protection, transportation lead times and tariffs, Hammond observed. And she noted that the “news coming out of Foxconn for the last few years has been problematic” for Apple’s image. So domestic manufacturing may help Apple from a marketing perspective, as well as logistically.

Hammond said she recently visited New Balance’s manufacturing facility in the U.S., noting that 25% of the

shoes that the privately held company sells in the U.S. are made here. The company’s U.S. workers are several times more productive than the company’s workers overseas, she said, and they’ve developed some very flexible manufacturing processes to allow them to meet demand for specific sizes.

“You can be very agile if you have domestic manufacturing and if you structure and manage it correctly,” she said.

Hammond said that while it may be welcomed when companies act altruistically, public companies can’t be expected to accept lower profits to create domestic jobs. “What I would like to do is get companies to really think about the advantages of domestic manufacturing,” she said. “So it’s not simply altruism but it makes good business sense.”



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## GAAB Internet Addresses

<u>Names</u>	<u>E-Mail Addresses</u>
Aaron Ambrosino.....	aambrosi@mac.com
Gary Blizzard.....	gmbizzard@aol.com
Mark Bogossian.....	mark@castlecomp.com
Steve Bradley.....	ssbradley@adelphia.net
John Buckley.....	jbuckley@nycap.rr.com
Sheldon Carnes.....	sheldoncarnes@hotmail.com
Tina Cook.....	twonotrump@nycap.rr.com
Anthony Eldering.....	tonye11@verizon.net
Trudy Ellis.....	TE52@earthlink.net
Lilajane Frascarelli.....	afrascar@nycap.rr.com
Les Goldstein.....	lgoldst1@nycap.rr.com
Richard Hester.....	hesterfp@capital.net
Ottmar Klaas.....	ottmar.klaas@gmail.com
Michael LaFrank.....	mлаfrank@nycap.rr.com
Thomas Levanduski....	msglevnduski@aol.com
Cecilia MacDonald.....	cecilia@midtel.net
Mike Mannarino.....	rfd230@nycap.rr.com
Roger Mazula.....	aluzam@aol.com
Brendan O'Hara.....	bohara1@nycap.rr.com
Eric/Lee Rieker.....	Erieker@aol.com
AbdurRahman Rozell..	aryr100@gmail.com
Judith Schwartz.....	jfschwartz2@earthlink.net
Saul Seinberg.....	saul.seinberg@gmail.com
Bill Shuff.....	wjshuff@earthlink.net
Shelly Weiner.....	olliedawg@yahoo.com
Lou Wozniak.....	louw@nycap.rr.com

*To start or renew your GAAB membership, see Cecilia MacDonald or send your fees payable to her at the following address:*

*Cecilia MacDonald  
260 Sever Road  
Delanson, NY 12053*



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