



## Stanford eCorner

### Insanely Great Integration

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Part of Apple's success is due to the company's ability to integrate hardware and software, says Fortune magazine Senior Editor Adam Lashinsky. Here the author of *Inside Apple* explains how the company wins by using a classic vertical integration model, saying 'no' to unnecessary features, and also excels at innovation by allowing product design to lead over engineering or financial concerns.



#### Transcript

People who think about Apple understand now that part of Apple's greatness is its ability to integrate hardware and software, something that its competitors don't do well for a variety of reasons that we can discuss. Number one reason being that a different manufacturer makes the software from the manufacturer that makes the hardware and of course Apple has done very well by making the hardware and the software, old school vertical integration for the business school students. What's less well understood is that Apple integrates everything, it integrates product management, marketing, manufacturing, engineering and everything else that it does in a highly regimented milestone-oriented planned out way. It's not a serendipitous place like its beautiful advertising. And there is a reason I put design, the biggest, all in caps is that design is preeminent, it's paramount at Apple. At Apple would be preposterous for a financial person to tell a designer, oh, we can't do that because it's too expensive or we're not familiar with the kind of machines that it would take to build that. The designer would say it's as if you're speaking Greek to me, I just said this is what it's going to look like. You go figure out how to make it and you figure out how to price it and how to cost it out. It's a mentality that is not going to work for everybody, but it's what led to something beautiful like an iPhone and that's just one of the beautiful things that the design-lead culture leads to. Key to this is a corporate culture that believes that saying no is more important than saying yes.

Jobs would say it's more important to say no even to good projects than it is to say yes too frequently, which is a mistake that most companies make. Now from a responsibility perspective, a fiduciary perspective, big companies in particular say yes because they're trying to hedge their bets, they want to place a lot of bets in the hopes that something will work. Apple takes just the opposite approach, they make big bets, they only do a few things, this is part of Jobs's mantra as well, but saying no means saying no to unnecessary components. This is the out-of-box experience on a PC that you might buy at retail and that's the out-of-box experience on an iMac. One has a bunch of junk and the other is beautiful and simple. I'm going to create another slide where I want to turn the monitor on the iMac and show a monitor on the PC so that you can see what you might see when you open the PC after buying it at a retailer and you would see on the screen what Steve Jobs referred to as crapware. It's easy to swear when you're quoting somebody else. Crapware is the stuff that the manufacturer put on the screen to boost its margins to try to sell you something that you don't necessarily want. Apple would not do that. I never suggested Apple is perfect, but Apple doesn't try to insult its customers within the first ten minutes of them using their products.

Because it says no to features it doesn't think that should be on the product, it says no to going into categories like serving big businesses although it's doing that now, it said no for a quite long time. It says no to new products for a good longtime until it's ready. So we waited a long time for the phone that Steve Jobs said we'd never get and we seem to be waiting a long time for the TV that I think we all hope that we'll get because Apple says no until it's ready to say yes.