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Moreno: How did Apple grow bigger than Microsoft?

Posted By [joseph.pena](#) On May 28, 2010 @ 9:04 am In [Giving'em the Business](#) | [1 Comment](#)

I never thought I'd see the day when Apple, Incorporated would be worth more than the Microsoft Corporation. This week Wall Street officially christened Apple as the largest tech company in the world; second, in overall market capitalization, only to Exxon-Mobile.

When I joined Apple in 1998 the stock price was less than \$10/share, adjusted for splits. Or, to put it another way, Apple is now worth about \$1,024/share, unadjusted for splits since 1998.

The day I joined Apple 100 shares cost about \$3,600 and today they'd be worth about \$100,000. Wait, is my math right? Yes, indeed, that's a 25x return.

In the late 1990s when I told people that I worked for Apple I might as well have said that I worked at Commodore or Atari because the reaction was usually, "Oh. You don't hear much about Apple any more."

Even more amazing is that Apple still has less than 10 percent of the computer market share. However, that's probably the secret to how it pulled off its coup d'état. Instead of going head-to-head with Microsoft in the desktop and enterprise markets, Apple chose to go after the low hanging fruit where there was no dominant market leader such as the MP3 market. Once it discovered the goldmine it hit with this strategy, it repeated it with the iPhone.

But, with the iPhone, Apple just waited and waited until the product was ready for prime time, which gave it at least a five-year lead over the competition. Unlike the iPod, which went from design to market in nine months, it took the iPhone two and a half years of development until it saw the light of day.

Apple repeated this process again with the iPad. But this time Apple leveraged its success with the iPhone and iTunes integration for books, movies, music and more.

All of the technology developed for the iPhone translated perfectly into the iPad and its form fact was critical. People have touted it as just an oversized iPod touch. But, what is overlooked is that the iPad's screen is almost the exact same size as an 8.5-inch-by-11-inch sheet of paper without the margins.

It's just as convenient and portable as a book or magazine with nearly the same utility as a laptop.

Apple Inc. (NasdaqGS: AAPL)	
After Hours: 256.00 ↑ 2.65 (1.05%) 7:59PM EDT	
Last Trade:	253.35
Trade Time:	4:00PM EDT
Change:	↑ 9.24 (3.79%)
Prev Close:	244.11
Open:	250.73
Bid:	255.25 x 400
Ask:	256.20 x 400
1y Target Est:	302.45
Day's Range:	249.11 - 253.89
52wk Range:	132.03 - 272.46
Volume:	23,796,477
Avg Vol (3m):	23,688,400
Market Cap:	230.53B
P/E (ttm):	21.48
EPS (ttm):	11.80
Div & Yield:	N/A (N/A)

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Microsoft Corporation (NasdaqGS: MSFT)	
After Hours: 25.87 ↓ -0.13 (-0.50%) 7:59PM EDT	
Last Trade:	26.00
Trade Time:	4:00PM EDT
Change:	↑ 0.99 (3.96%)
Prev Close:	25.01
Open:	25.74
Bid:	25.53 x 300
Ask:	26.05 x 400
1y Target Est:	35.00
Day's Range:	25.73 - 26.36
52wk Range:	20.05 - 31.58
Volume:	136,434,525
Avg Vol (3m):	64,791,700
Market Cap:	227.86B
P/E (ttm):	13.47
EPS (ttm):	1.93
Div & Yield:	0.52 (2.00%)

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Although Apple designs great products and promotes them with clever advertising, it has always focused on the experience.

It does this with industrial design, user interface design, software architecture, the Genius Bar, etc. Providing the best possible user experience is what has always separated Apple from the rest — and ultimately, what separated it from Microsoft.

Joe Moreno is the founder of the photo sharing site Epics3.com, based in Carlsbad, CA, and also provides cloud computing consulting services to businesses. You can follow Joe on Twitter [@JoeMoreno](#)^[2] or reach him at (760)444-4721.



[1]

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Joe Moreno writes about high tech issues.

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