Sondergaard-McNutt Template for Critical Time Line [CTL] Analysis

Embed KPIs into the CTL
Use share price and the pattern of observations

For each game dimension, defined by geography and product (technology, service or innovation) there will be an observed CTL

$CTL_{i.across\ n\ games}$

The Objective is to find a <u>correlation</u> between

ΣCTL_i and share price or KPI performance
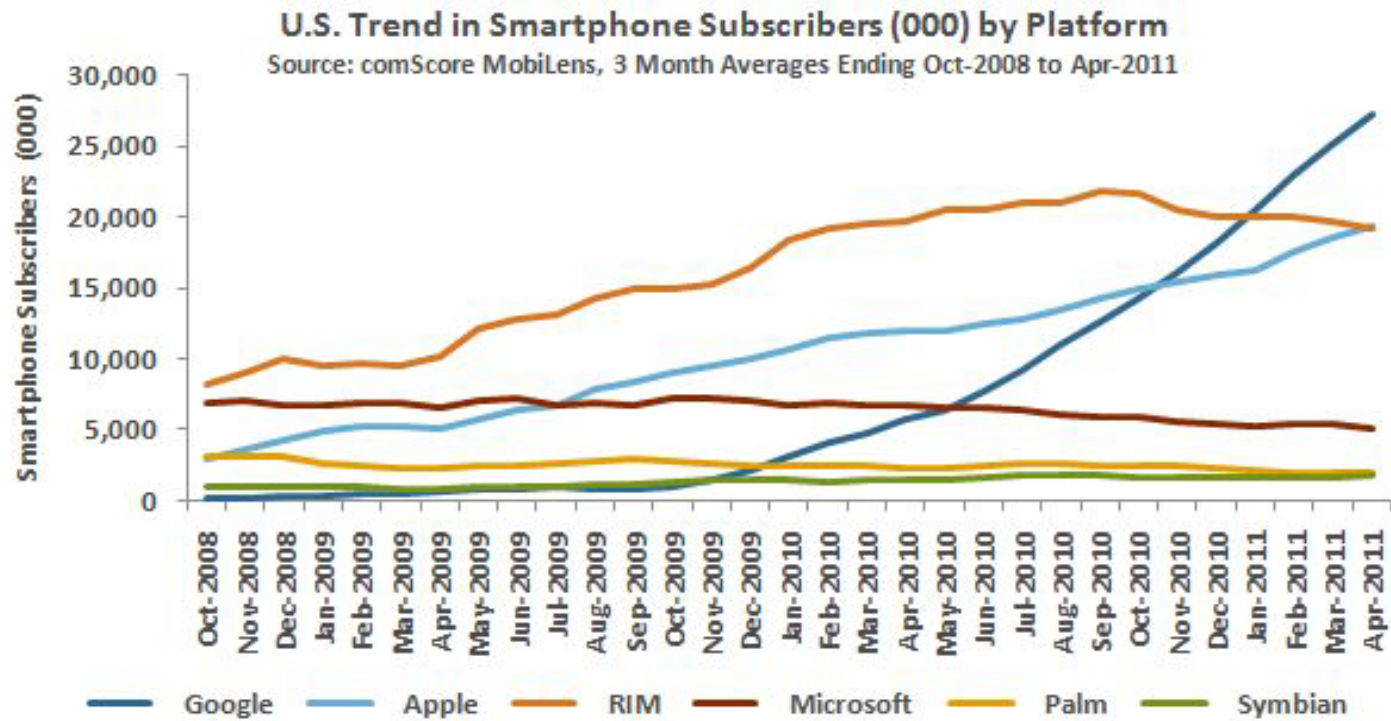
Step 1: Outline Game Dimension Apple Inc and ecosystems

* Smartphone market-as-a-game
  * Begins 2007 launch of Apple iPhone

* Who are in the sum of competitors?
  * Signals and pattern of reaction to find near-rival

* Frozen markets and spherical competitors
  * Technology and time-dependent consumers

Game is evolving: Play to win or play not to lose?.

Step 2: Entropy & Sum of Competitors

U.S. Trend in Smartphone Subscribers (000) by Platform
Source: comScore MobiLens, 3 Month Averages Ending Oct-2008 to Apr-2011

Legend: Google, Apple, RIM, Microsoft, Palm, Symbian

Step 3: Game Dimension Analysis & Assumptions

Analysis:

* Cournot until January 2007
  * Output signals on design specifications

Sequence: CCBCCC

* Bertrand game January until June 2007
  * price signals between Apple and BB

* Cournot game June 2007 onwards
  * Output signals on design specifications

Game is changing every time players level out on specs.

Assumptions:

  ✓ Apple created inelastic demand by advertising in brand

Step 4: July 2011: Financial and KPIs current data: check *yahoofinance*

- 2011 6m sales – **$51.4b**

- 6m sales growth – **76%**

- 2011 6m Net Income **$11.9b**

- 6m Net Income growth - **86%**

- 6m 2011 eps - **$12.83**

Apple Inc.
■ AAPL
Jul 01, 2011

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5 July 2011
Apple, Inc.
Share Price
$348.00

Share Price has risen 500% in the past 5 years.

Step 5: Embed the Share Price Pattern into the Signals Pattern

Embed KPIs into the CTL

Step 6: Observe
Critical Timeline & Signals