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Here are the five business stories which have caught our eye this week:



Apple's Tech Transformation



What did Apple announce this week?

	Apple TV	Supported by the Apple TV+ app to stream exclusive TV content directly to individual's devices.
	Apple Arcade	Cloud-based gaming platform which will roll out 100 titles to 150 different countries.
	Apple Card	Credit card that can be linked to any apple device and does not charge late fees.
	Apple News	Supported by the Apple News+ app to create a news platform that features over 300 magazine titles at a cost of \$9.99.

Apple has been taking all of the business headlines this week after unveiling a series of new services for Apple device users during an event with a star-studded cast list.

In typical slick and striking fashion, the tech giant Apple and its CEO Tim Cook took to the stage at the company's world famous Californian-based HQ. The firm announced to the world that this week marks a significant turning point for the company in diversifying away from relying on physical device sales.

Back in 2007, the company jumped to stratospheric heights both commercially and reputationally with the launch of the company's smartphone. Over 1.2bn iPhones have sold worldwide since then and this has helped the company report record revenues of \$266bn in the financial year of 2018. Approximately 80% of this revenue is derived directly from iPhone sales.

The problem for Apple has always been if and when 'peak iPhone' season comes around, how would the company plug the financial holes left from sluggish device demand? This week's announcements have attempted to reassure stakeholders in the company that the firm is looking to adopt an aggressive stance in their pursuit of growth in the services division.

The announcement of lifestyle add-on apps and services such as gaming, TV and credit card services seems to conform to the underlying trend – the average iPhone upgrade cycle is extending. Therefore, the firm needs to find ways of continuing to make money from those devices already in circulation.

In reference to Ansoff's Matrix, discuss what type of strategy Apple is attempting to pursue with the launch of its new credit card service.

In reference to Porter's Five Forces Model, discuss some of the content and distribution challenges that Apple will face with its move into the TV streaming market.

Shell's Renewables Revolution



Fifth largest company in the world based on revenues

In 2018, it acquired the UK energy provider First Utility

Royal Dutch Shell is one of the largest oil and gas companies in the world. It is highly profitable and turned over a revenue of \$388.4bn in 2018. Its business reach and influence in this sector is profound and far-reaching. Part of the reason for this is that the firm has control over every single stage of the oil and gas supply chain that it operates in: it explores, refines, produces, transports, distributes and trades these energy supplies on a daily basis. This requires a massive operational effort to produce close to 4 million barrels of oil a day and to maintain supply chain efficiency across 44,000 service stations in 70 countries.

However, the firm is also increasing its exposure to the renewables sector, with market trends pointing towards a downturn in the use of crude oil in the future. According to many industry experts, oil use for cars will peak in the mid-2020s with over 300 million electric vehicles projected to be on the road by 2040. The wider demand for oil will also begin to fall from 2040. This perhaps explains why Shell is aiming to be the world's largest electricity company by 2030. This will allow the firm to take an active stake in the power sector, as well as oil and gas.

In 2018, the Anglo-Dutch energy firm acquired the largest UK energy supplier outside of the traditional "big six", First Utility. This company has now been rebranded Shell Energy and the firm has committed to supplying electricity only from renewable energy sources. Alongside that pledge, the firm has also committed to put a unit of renewable electricity into the UK grid for every unit of electricity that Shell's customers use.

Shell is in a unique position where it has the operational scale to be able to diversify into new sectors. A good example of this is the commitment of investing \$2bn a year into installing a series of electric vehicle charging points at its existing service station infrastructure. The Chief Executive of the company believes that is it important for the firm to focus its efforts on decarbonising its business model by saying "Shell started out as an oil company, then we got into gas, now we're more gas than oil, we're getting into power and one day I think power has the potential to be our biggest business and we've the potential to be the biggest power business globally."

In reference to the PESTLE framework, discuss why it is important for Shell to diversify their business model in this way.

Uber Gears Up For Takeover Deal

Terms of Acquisition Deal	
Uber	Careem
Founded in 2009	Founded in 2012
3 Million Uber Drivers	1 Million Careem Drivers
Operates in 785 Cities	Operates in 90 Cities
\$3.1bn Deal	Careem will operate as a subsidiary of Uber

This week the ride-hailing app Uber formally announced its planned takeover bid of rival firm Careem. Both companies represent an innovative twist on traditional taxi and delivery services in major cities and towns. The business model of the two firms is simple - customers connect to their driver via the app and arrange and pay for the service automatically. This raises efficiency on all levels, helps drive down average fare costs in the area and fits neatly into the 2019 lifestyle of individuals and families.

Uber is an established brand in many of the world's major cities, but the platform itself has attracted a lot of unwanted attention from regulators due to its persistent boardroom battles and corporate governance issues, as well as its rivalry against the traditional taxi firms in the industry.

Careem has a high-profile reputation in the Middle East, Asia and parts of Africa. The firm was valued at \$1bn in 2016 to become one of the most valuable start-up companies in the middle east region. Despite containing high levels of inequality within society, the areas it operates in also represent areas of high growth potential for successful start-up companies of this nature.

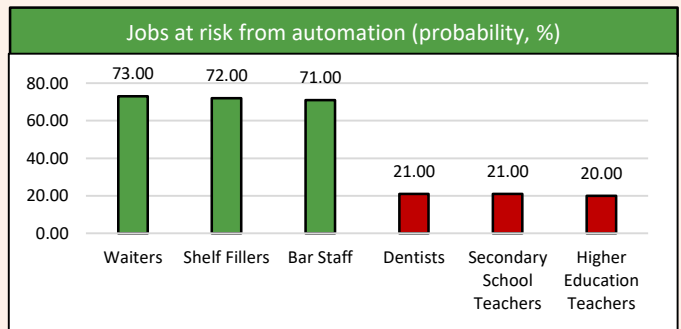
It is widely tipped that Uber will make the decision to list its shares on the US stock market to become a public company later on this year. Some predict that valuation could be as large as \$120bn. If so, this would be the largest company flotation on the US stock market.

Therefore, acquisitions such as this one help remove the threat of smaller competitors in lucrative segments of the market and provide the firm with the local expertise and infrastructure to thrive in different regions around the world.

Discuss the merits of taking over smaller competitors to grow ahead of investing to expand the business's current operations.

To what extent do you agree with the view that a company should become public to raise the necessary funds required to raise sufficient financial capital for expansion?

Automation – Opportunity or Threat?



This week the Office for National Statistics (ONS) published data in relation to the risk of job loss from the increased presence of AI in the workplace.

Job automation is the term used to describe how the output from traditional manual roles carried out by humans can be replicated by the presence of computer programs and algorithms.

The ONS based its probability projections on the study of 20 million people and the roles, responsibilities and qualities that were required to carry out those jobs effectively. The model used by the ONS attached probability estimates associated with the risk of job loss in different occupations as a direct result of automation.

It was hardly surprising to see that the occupations with the highest risk estimate attached were low-skilled and repetitive jobs. Occupations that were not deemed high-risk were those jobs that required a level of sophistication and skill, that technology is not currently adapted to execute.

Explain how digital technology can support the operational departments of a business and ultimately improve its efficiency.

Discuss the appropriate steps that a business should take in managing and training staff when integrating new technology into the business.

Feeling the Effects of Mother Nature

LLOYD'S	2017 Annual Loss = £2bn
	2018 Disaster Insurance Claims = £19.7bn
	2018 Annual Loss = £1bn

This week, the insurance market Lloyd's of London announced its annual results for 2018 and it did not make pretty reading. It announced a £1bn loss, which follows swiftly off the back of a £2bn annual loss in 2017.

Now it is important to stress that Lloyd's of London represents an insurance market and not a specific company. This is because a series of parliamentary acts have been passed to ensure that Lloyd's is a corporate body that represents a marketplace. Within this marketplace are a series of insurance members who underwrite the insurance contracts for various different purposes. These members are either separate insurance firms or private individuals.

The insurance market is a traditionally risky market for firms and customers. From an insurance company's point of view the risk posed from natural disasters can be severe and upset the financial accounts of a good trading year at any moment. 2018, was a year in which there was a high frequency of natural disasters, storms and hurricanes that hit certain parts of the world.

Discuss and explain the procedures involved in scenario planning for a business.

Analyse some of the risk mitigation plans that a market like Lloyd's would have to consider before underwriting and enforcing insurance contracts.