

SUMMARY

Dogfight

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Summary of “Dogfight” by Fred Vogelstein

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Learn what happened when Apple and Google
butted heads.

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Introduction

Apple and Google. We need them both, right? Can you imagine life without your favorite search engine or your favorite iPhone? It would feel like an impossible choice! These tech giants and their innovations practically rule our everyday lives; we think of them as being almost synonymous. But in fact, these very different companies-- and former allies-- are actually in an intense battle for control of the digital realm. Over the course of this summary, we'll learn more about the intense dogfight that ensued, what started it, and what future entrepreneurs can learn from Apple and Google's bitter rivalry.

How the iPod Lead to the iPhone

Who remembers the iPod Shuffle? In the early 2000s, Apple's iPods dazzled the tech aisles of America's big box stores, wooing us all with their sleekness, portability, and the promise of taking your music anywhere. When I was a kid, I had the sparkly pink edition and-- like everyone else who was new to the iPod scene-- I thought I was so cool. You couldn't use your iPod to chat to your friends or share anything; its only purpose was playing music, but we loved it. But that wasn't quite true for many of Apple's executives, however. Although Steve Jobs preferred to focus on the development of the iPod and its inseparable companion, iTunes, many of his designers felt that Apple's resources should be poured into the creation of a phone. If Apple got into the phone development market, they argued, they could expand their empire and corner the market on digital communication in the same way they had taken over the computer world with the Mac.

But Steve Jobs disagreed. Because the manufacturing rules of the time were tilted in favor of big service providers (like Verizon and AT&T), Jobs knew that any new phone he developed would be heavily influenced by the input of major carriers. And that simply wasn't Apple's thing. Apple prided itself on being new, bold, innovative, and above all, independent. If Apple had to start bowing to the whims of big phone carriers, Jobs was concerned that the brand would lose both its originality and its integrity. So, for years, Jobs rejected the idea of developing an "iPhone" and instead devoted Apple's resources to the development of iTunes and iPods. This was very on-brand for Apple because only iTunes had the software required to run iPods, so both devices naturally fed into each other, stimulating an influx of product growth and revenue.

And this appeared to be the perfect setup until 2004. As phone manufacturers and Apple's competitors began to develop music apps that users could install onto their phones, Apple's perfect exclusive system was under threat. With the encroaching advances of new technology, it became

readily apparent that iPods would be obsolete if users could merge their phones and their iPods into one singular, streamlined device. And that's when Steve Jobs suddenly decided that developing a phone might not be such a bad idea after all.

The Early Evolution of the iPhone

If Apple was going to develop a phone, then Steve Jobs felt that it needed to be the best and most original phone on the market. So he dedicated a significant amount of time, money, and resources to developing features that would distinguish his phone from any other product available. And when the phone service provider Cingular was being bought out by AT&T, they reached out to Apple to let them know that they would surrender all product development rights if Apple wanted to partner with them to create a phone. This, of course, provided the perfect loophole for Apple to get into the phone development game! Because of Cingular's merger with AT&T, Apple could get in on one of the biggest mega-carriers on the market and retain full control over the development process! It was a dream come true! So, Apple spent the next two years designing the perfect prototype for what we now know as the iPhone.

But because of the highly competitive nature of his project, Jobs became a little paranoid. He was obsessed with maintaining exclusive development rights and ensuring that no one ever beat him to the punch. To that end, he cracked down hard on security at Apple. While the new prototype was being developed, he literally divided certain buildings of the Apple campus in half by designating them as "limited access areas." Only employees with the appropriate security clearance could enter and that security clearance was limited only to those employees who were directly working on iPhone development. But the security protocols were even tighter for the employees on that team. Desperate to keep his new project under wraps, Jobs insisted that all employees sign a Nondisclosure Agreement and then, for an extra security measure, required them to sign another document confirming that they had signed the NDA and agreed to be doubly bound by its clauses!

Consequences for violating the NDA were severe and Jobs' security measures quickly became even more divisive. For example, even though there were multiple teams working on a variety of different processes for

the prototype, their communication was extremely limited. Because both teams were bound by the restrictive NDA, they couldn't share information with each other-- even when that information would be vital for product development! To say that the atmosphere at Apple was tense would be a gigantic understatement.

Google's Sneaky Smartphone Sabotage

Now that we've laid the groundwork for the context of Apple and Google's feud, it's time to dig into the good stuff. (The "hot goss," so to speak). Because during the iPhone's secret development in 2007, Apple and Google were on great terms. And after all, why shouldn't they be? At the moment, they could hardly be considered competitors. Apple didn't have a search engine and it wasn't interested in developing one; Steve Jobs was more than content to concentrate on the development of innovative tech devices and leave the search engine market to Google. In fact, relations between the two companies were so amicable, that many of Google's executives-- including Google's CEO Eric Schmidt-- were board members at Apple and vice versa! So, what changed?

Well, as you might have guessed from the title of this chapter, while Apple was hard at work developing the iPhone, Google was developing a device of its own: what we know today as the popular Android. But to make matters worse, this project directly undermined Steve Jobs' intensive security measures. How so? Well, guess who had their own special task force on the iPhone development team? That's right-- Google. Steve Jobs had done everything he could to prevent his secrets from getting out to his competitors. But he never guessed that by partnering with Google, he had literally invited his competitors right into his secret space. You see, Jobs had hoped to partner with Google on the iPhone by incorporating a number of Google features-- like YouTube, Google Maps, and the GMail app-- into the phone's software. By making the iPhone compatible with the world's leading search engine, Jobs believed that he could retain control over the iPhone while also making it more popular. It never occurred to him that while he was running his own secret project, Google might have one of their own.

Development on the Android began in 2005 and Google was every bit as tight on security as Apple. The first Android was released shortly after the first iPhone in 2007. But because it was an overwhelmingly inferior device

and lacked the features that set the iPhone apart, it was an instant failure. By contrast, the iPhone amassed a record 270,000 sales in its first two days on the market. And over the course of the next six months, Apple sold another 4 million iPhones. So, was Steve Jobs worried about Google's Android flop? Not in the slightest.

Google Ups Their Game

Unfortunately, however, that wasn't all Google had up their sleeve. The failed "Sooner" Android had been written off as an experiment; they wanted to try something and it flopped. Far from being concerned by the setback, Google simply went back to the drawing board and continued development on a new and improved secret project. But this time, Steve Jobs caught wind of it. Informants on Google's executive board warned him that Google was planning an impressive comeback and that their future victory was predicated on stealing Apple's success secrets. But unfortunately for him, Jobs had faith in his relationships at Google; he believed they simply wouldn't do that to him.

So, when the new Android operating system was released on November 5, 2007, Jobs felt completely blindsided. And he was even more concerned by Google's announcement of their new OHA or Open Handset Alliance. The OHA was even more of a threat to Jobs' empire than the Android and here's why. The iPods became obsolete because other manufacturers figured out how to marry the MP3 player and the cell phone; there was no need to pay for the exclusivity of the iPod and iTunes when you could find a more accessible option. And history was repeating itself yet again. That's because the OHA was a collaboration between Google and a host of the world's leading software developers and service providers, including big names like T-Mobile, Sony, and Intel.

Jobs had resisted creating a phone because he feared surrendering control of the development process to these phone development giants.

But where Apple saw a threat, Google saw a partnership. By making the Android compatible with 34 of the world's biggest developers and service providers, they realized that the Android would be more popular and more accessible. And indeed it was. This not only put the Android in competition with the iPhone, it also provided the possibility for the Android to gain a competitive edge. After all, if this device was accessible to everyone and compatible with a variety of different platforms, why would anyone need

the exclusive iPhone framework manufactured by Apple? Steve Jobs was initially outraged by the competition, but he grew even more angry when Google unveiled the Android's new iPhone-like features. Feeling that Google had basically stolen his idea, Jobs threatened a lawsuit and Google backed off... temporarily.

The Dogfight

For about a year, it looked as though the drama might be over. Google seemed appropriately ashamed of its thievery and Apple heard nothing in the way of new product developments. That was, of course, until 2009, when Google released its newest product: the Droid phone. This time, Google branded their Android devices as an improvement on the iPhone and devoted their marketing to showcasing features that the iPhone lacked. Steve Jobs was furious about this too, but there was nothing he could do about it; building a better mousetrap marked Google as a competitor, but not necessarily a thief. But all that changed in 2010, when Google sneakily produced an Android update. This update brought something called multi-touch navigation to the Android and that was something Apple had patented!

To contextualize multi-touch navigation in layman's terms, this simply means that a touchscreen device can recognize more than one or two points of contact with the touchscreen. For example, if you're trying to zoom in on an image on your iPhone and you use two fingers to maneuver the screen, that's multi-touch navigation. And in that respect, Google had blatantly stolen Apple's idea. Finally equipped with ammunition to fight back, Apple attacked by filing patent lawsuits against everyone who manufactured and produced the Android. Although he would have liked to sue Google for all it was worth, Steve Jobs wisely recognized that he would have more success in winning a patent lawsuit if he sued manufacturers on the premise that they had copied his patented features. By the summer of 2012, Apple had taken the big dogs to court and walked away with a \$1 billion settlement. But the fight was far from over.

The Aftermath

Apple, of course, hoped to win the battle over the patent rights, but they also wanted to wound Google. If they could attack the company's reputation in the public eye, they presumed that sales would go down, along with public support for Google, and therefore they could defeat their biggest competitor. But unfortunately for Apple, even though they won the settlement, their efforts had the opposite effect. So far from halting Google's production or slandering their good name, the onslaught from Apple only added fuel to the fire. Google continued to produce more and more products, many of which were improvements on the iPhone or designed to be deliberate competitors. In fact, the Droid was currently selling better than the iPhone! And it didn't help that Steve Jobs attacked Google in the media almost on a daily basis until his death in 2011.

As you might imagine, the continued onslaught served only to make Apple look bad. And they looked even worse when Google launched the Google Voice in 2008. In a gesture of inclusion, Google reached out to try to end the feud and offered to collaborate with Apple and include the Google Voice app on the iPhone. But Apple immediately declined the partnership and this tanked their public reputation. Users weren't interested in the tech war and they were starting to get sick of the years of drama. This meant that they weren't particularly invested in siding with either Apple or Google, so when Apple began to look ugly and controlling in the media, few users were willing to stay with them based on brand loyalty alone. Sales went down, along with public support for Apple, and it became clear that there were no real winners in this dogfight.

Final Summary

We might not think of Google and Apple as competitors and the truth is that they didn't start out that way. But as the two companies fought for control of the emerging tech market, the release of Google's Android phone sparked division between the two and triggered an outburst of tension and strong feelings, resulting in a legal battle that dragged on for years.

Although Steve Jobs was understandably infuriated by a competitor attempting to steal his idea, he reacted badly and was overly controlling in his attempts to handle the problem. This resulted in a lot of negative publicity for Apple and rather than looking like the outraged underdogs, they simply appeared petty and spiteful. This added more fuel to the fire and laid the groundwork for a lasting battle they went on long after Steve Jobs' death in 2011.



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