Jobs built the products. Cook built the machine. What does Apple's new CEO build next?

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Key takeaways

Ternus inherits 2.5 billion active devices, a huge services business and one of corporate America's strongest cash machines.

Apple's biggest AI question is not whether it builds the best model, but whether it keeps controlling the consumer interface.

Watch installed-base growth, services, new-product adoption and capital allocation rather than judging the Ternus era by keynote applause.

Steve Jobs built products. Tim Cook built the machine around them. John Ternus now has to decide where that machine goes next.

Ternus officially became Apple's chief executive officer (CEO) on 1 September 2026, after 25 years at the company and a long spell running hardware engineering. Cook remains executive chairman, giving Apple something close to continuity with new management.

Investors appeared comfortable with the handover, with Apple shares rising even as the broader market fell. The bigger question is much more interesting: how much does management matter when the business already owns one of the strongest moats in the world?

The moat is already doing much of the work

Ternus does not inherit a turnaround. He inherits an ecosystem.

Apple has more than 2.5 billion active devices, while Services has grown into a business generating more than 100 billion USD a year. Every iPhone can lead to AirPods, an Apple Watch, iCloud, payments, entertainment and, eventually, another iPhone.

That is Apple's compounding engine. Hardware brings customers in. Services deepen the relationship. A larger installed base creates more opportunities to sell both.

Capital allocation completes the picture. Apple continues to return tens of billions of dollars through buybacks and dividends. For investors influenced by Warren Buffett and Charlie Munger, this is where management matters most.

Apple does not need managerial heroics. It needs discipline. Ternus must protect the ecosystem, allocate enormous cash flows sensibly and avoid expensive distractions. A great moat gives management room to make mistakes. It does not make those mistakes free.

AI may test who really owns the customer

Artificial intelligence (AI) is the clearest strategic challenge.

Apple has looked unusually slow while OpenAI, Alphabet and others pushed ahead. But it may not need to build the biggest or smartest AI model to remain powerful.

Its advantage sits closer to the customer. Apple controls the phone, operating system, headphones, watch and computer around them. If AI models become increasingly interchangeable, Apple can let others spend heavily building the engines while it controls the dashboard.

That is why features such as Live Translation on AirPods matter. They turn AI from something impressive in a demo into something useful in everyday life. That is much closer to Apple's traditional playbook than launching another chatbot.

The risk is that the dashboard itself changes. If consumers increasingly start with an AI assistant rather than an app or operating system, Apple could lose some control over the customer relationship. Ternus must decide what Apple needs to own and where partnerships are enough.

The next iPhone does not have to be another iPhone

Hardware still matters, particularly with a hardware engineer now in charge.

Apple is preparing products ranging from a foldable iPhone to smarter home devices and more capable AirPods. None needs to become the next iPhone to create value.

A foldable phone can encourage upgrades. A home device can extend Apple's ecosystem into another room. Smarter AirPods can make the iPhone more useful without replacing it.

That may be the more realistic innovation test for the Ternus era. Apple does not necessarily need another revolutionary category. It needs a steady stream of products and features that make the ecosystem more useful and leaving it slightly less attractive.

Where the machine could slow

The biggest risk is that AI changes consumer behaviour faster than Apple adapts. Investors should watch whether Siri becomes genuinely useful, not simply better on stage.

Product innovation matters too. Vision Pro showed that technical achievement does not automatically create a mass market. Supply-chain, regulatory and geopolitical pressures add another layer.

Early warning signs would include slowing installed-base growth, weaker Services momentum or rising investment without better customer engagement.

Investor playbook

Follow the ecosystem: installed devices and Services growing together matter more than one quarter of iPhone sales.

Separate AI demos from behaviour: watch usage, upgrades and developer adoption.

Judge hardware by ecosystem value: smaller products can matter if they strengthen customer retention.

Watch the cash: buybacks, acquisitions and capital spending show where management sees future returns.

The machine gets a new driver

Jobs built the products. Cook turned them into an extraordinarily efficient compounding machine.

Ternus inherits something different: a machine that already works.

His challenge is not simply to invent the next breakthrough. It is to decide where Apple must lead, where it can follow and where restraint is the better choice. AI, foldables and the home will test those decisions. For investors, the most important question is not whether Ternus changes Apple quickly. It is whether he understands which parts of the machine need changing at all.

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