

# Sy Syms Business Review

## Navigating the Choppy Waters of Business

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RIP, Blackberry?

Welcome to the Shark Tank

Apple Under the Tim Cook Regime

Stars of the Great Recession

“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that you'll do things differently.”  
-Warren Buffett



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# The Sy Syms Business Review

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# Apple

Mordechai Gilbert



## Background

Over the past year there has been a raging debate over what Apple (AAPL) should do with its growing pile of cash and liquid assets, which now stands at approximately \$150 billion. Apple has taken two approaches at capital return, dividends and share repurchases. However, even after these measures, the cash pile seems to just grow every quarter.

Poor capital deployment is negative for shareholders. There is simply no reason to have such a tremendous chunk of cash just hanging around in accounts. Investors can easily earn a better return that Apple earns on this money by investing it on their own. For this reason, investors have applied pressure on Apple to return capital more aggressively.

## Stop Raising the Dividend

The first thing investors should realize when looking at Apple is that currently, dividends are by far the worst option. Considering the fact that Apple is so undervalued, dividends are the fastest way to destroy shareholder value. Dividends of course have tax disadvantages as equity gains from repurchases are not taxable until a stock sale, while dividends are taxed immediately. Carl Icahn has all but stated his opposition to an increased dividend outright with his \$150 billion repurchase plan.

## Don't Buy Back Shares Either

So if Apple shares are cheap the logical conclusion is that a share repurchase is a great way to create shareholder value. That notion is not 100% accurate. The second that Apple brings the cash to America, it is liable to pay ~35% tax on that. In other words, buying back \$150 billion in shares is not really feasible as \$50 billion of the cash will end up going to Uncle Sam. That said, cash already held in America should be used to buy back shares.

## What Should Tim Do?

The best option right now is twofold. Firstly, Apple should issue debt at reasonable rates to finance repurchase, as they have already done. Secondly, Tim Cook should turn up the heat on the Administration for a tax holiday as we have had in the past. Of the estimated \$1.3 trillion held overseas by the top 50 companies alone, a temporary reduction (not elimination) of the corporate



Apple CEO Tim Cook



What is AAPL to do with its \$150 billion cash and liquid assets?

# NOT Yahoo!

Ben Sultan

Yahoo! operates very much like a conglomeration of startups, with teams operating as more or less independent “pods” within the larger company states Summly founder, Nick D’Aloisio, at Wired’s 2013 event in London on Thursday. TechCrunch.com cited a similar type of workplace structure, which was said to have taken place at Apple in years before Tim Cook. Yet Yahoo! continues to swallow startup after startup, as Marissa Myer satisfies her appetite.

Sure enough, after Marissa Myer announced that the company would be taking questions for its Q3 conference call via Twitter, I submitted a few of my own. In the beginning of the call with investors, Chief Executive Marissa Mayer said Yahoo! had made eight new acquisitions in the last quarter alone including new content deals, expanding their presence in the entertainment sector. So far the company bought Saturday Night Live archives and original wrestling programs from World Wrestling Entertainment. In the Q/A part of the call I asked in regards to development of content specifically for Yahoo! Finance, one of Yahoo!’s strongest products. Chief Executive Marissa Mayer answered by discussing developments of licenses with content providers for finance and then digressing to content more broadly, citing the strength of Yahoo! own original content such as Burning Love with its recent awards.

I take a step back, and it starts to look and feel a bit like Google, Myer’s previous employer, with scattered ventures, like Larry Page’s new exciting development of Calico (a research and development firm focused on longevity). Yahoo!’s latest financial numbers highlight the company valuation breakdown as Yahoo! operating two completely separate businesses. It is simultaneously a consumer Internet company struggling to hold its presence and market share, and a large stockholder in startups and most notably

Alibaba, the Chinese e-commerce darling that is twice as profitable as Facebook.

Bloomberg analysts note that the latter part of the business is clearly pulling the former along. Yahoo! has a stock market value of \$34.1 billion, and owns a 25 percent stake in Alibaba. Yahoo’s stake is now valued between \$22 to \$30 billion, which would imply that the rest of Yahoo’s enterprise is worth as little as \$4 billion, or 12 percent of its current value.

Mayer is arguing that the rest of the business is heading in the right direction, too. The company released 15 new product updates last quarter, many of them on mobile. Daily active users on Yahoo Sports rose 50% year-over-year after Yahoo launched its

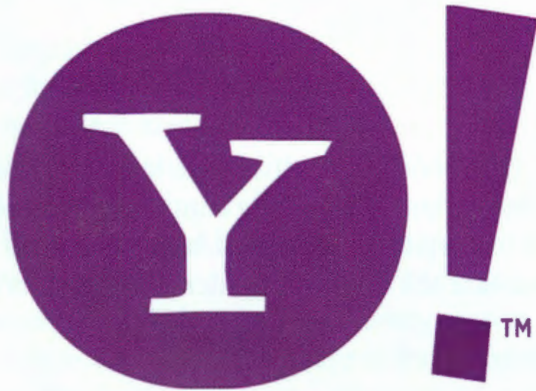
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## I take a step back, and it starts to look and feel a bit like Google

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sports app. Further, mobile users of Yahoo Mail grew 20% quarter over quarter. Mayer also said Yahoo has more than 380 monthly mobile users, an increase of 15% in the past quarter alone. That has helped push total monthly unique users above 800 million for the first time ever, a 20% increase in the past 15 months that erased many of the traffic declines Yahoo had seen in the previous couple of years

This data isn't entirely convincing though. Yahoo is struggling to turn those users into dollars. Bloomberg analyst Brian Womack, cited that Yahoo will claim 7.7 percent of the total online ad market this year, down from 8.6 percent in 2012. Meanwhile, Yahoo! continues to taste the many ice cream flavors and engage in a variety of sectors, operating as community or hub of startup, where majority of the company's current valuation is built upon.



Has **CATERPILLAR®**  
hit its low,  
and is it now  
ready for a  
turnaround?

David Levy Dachoh

The farm, mining and construction industries have all suffered heavy losses because of the weak commodity market. A quick snapshot of this market reveals that commodities such as metals (gold, silver, platinum, and copper), energy (light crude oil, heating oil, natural gas and unleaded gas) and agricultural commodities (corn, soybeans and wheat) have all been hitting their 52 week lows. This bearish market has wreaked havoc among companies such as Caterpillar, Deere and Joy Global within the farm and construction industry.

Despite the above, I believe this industry is actually headed for a turnaround. Why? One of the main reasons is that market norms dictate a cyclical pattern of ups and downs, and it seems that the commodities market is very close to approaching the standard low point. Granted, that doesn't necessarily make the market a wise investment, because it may not have hit its rock bottom, and may yet decline further before climbing back— but when coupled with the following analysis, I think it will be apparent that we have indeed seen the worst. In order to test this hypothesis, I had decided to look further into the industry, and more specifically into Caterpillar (CAT); the results of my research will be delineated below.

One quick point before we begin: my experience working at a real estate firm this past summer gave me the opportunity to see and read about real estate firms on the hunt for potential acquisitions (both for already built properties as well as for land parcels). An increase in purchasing these land parcels means an increase in developments; in turn, an increase in developments translates into an increase of spending on products from companies such as Caterpillar.

And now for the analysis. Over the course of my investigation, I discovered the following about CAT:

**1:** Its Earnings Per Share (EPS) are among the highest in its industry and its Price to Earnings (P/E) is right by the average. Both are key signs of a healthy company.

**2:** Average analyst estimates are overweight, and Credit Suisse projects the stock to outperform with a target price of \$94 for 12 months.<sup>1</sup> It has also ranked it with an upside of 36%. As of November 25, 2013 Caterpillar has been upgraded from Neutral to Buy by Bank of America because of its overlooked power systems business which could contribute up to 50% of its earnings.

**3:** Upon looking at their financial statements, I noted that both the cash flows for the company have increased while their operating costs have decreased. Caterpillar has cut over 13,661 jobs because of the decline in the mining sector<sup>2</sup>. Both of these factors are a healthy sign that Caterpillar is working to minimize their losses and gain back their footing<sup>3</sup>.

**4:** In February 2007, the Board of Directors authorized the repurchase of \$7.5 billion of Caterpillar stock. On July 29, 2013 Caterpillar entered into a definitive agreement with Societe Generale to purchase \$1 billion dollars of its common stock under an accelerated stock repurchase transaction. In April of 2013, the company announced a similar \$1 billion transaction, which was completed in June of 2013<sup>4</sup>. I think this could mean either one of two different possibilities: either that A) management at CAT believes their stock is undervalued and are picking it up while it's low, or B) that they are trying to raise consumer perception of their stock. Either way, both of these factors should lead to an increase in the value of their stock.

**5:** Over the last 12 months 51 purchases (576,710 shares) and 39 sales (475,387 shares) have been reported to the SEC for insider purchases of CAT. I think this has made a similar impact as the buyback of \$2 billion worth of common stock has.

**6:** CAT is a large cap and has an A credit rating with a 0% probability of default.

**7:** CAT has increased its dividends to 2.83%, and with the increased cash flow of the company, it has sufficient funds to keep this higher dividend yield. CAT may even increase the dividend to increase investors' interests.

**8:** Caterpillar is significantly reducing costs within the sector. It has cut over 13,661 jobs because of the decline in the mining sector. This information shows that CAT is working hard to steady its ship and return to its normal course of growth and profits.

I believe that Caterpillar has an outlook for success over the next few years. It would appear that Caterpillar has successfully prepared itself for the decline in commodities and construction by cutting down operational costs, strengthening its cash flows,



# Shark Tank

## Jeremy Kaye



Over the past couple of decades, television has become an activity in itself for many Americans. It was grown into a hobby for many; it's no longer just a means of getting information and news. The industry is continuously growing and everyone is trying to get his or her faces on the big screen. Programs have been gaining increased funding over time, and new television series are being created every season. With this, of course, comes an increase in the demand from viewers. Producers are constantly trying to innovate new plot ideas to meet their viewers' needs, while also attracting new audiences.

Recently, the reality show business has spiked, with a significant rise in viewership. There is one reality show in particular that combines both an original premise with constructive entertainment. No, not the multiple singing and dancing talent competitions, such as "The Voice" and "America's Got Talent", but one reality show that actually has been educating America.

That show is Shark Tank.

For those of you that might not have heard of this show, it's broadcasted on the ABC network during the fall season. The show premiered in the summer of 2009 and is currently in its fifth season. The format of the show has entrepreneurs presenting their business pitch of original products or services to seek investments, in return for equity in the company from the five "sharks" who are multi-millionaires in their own respective fields of business. For example, "Shark" Daymond John is the CEO of FUBU clothing company and Lori Greiner is known as the "QVC home shopping network" queen, while the famous Dallas Mavericks billionaire owner, Mark Cuban, is the "tiger shark" of the crew. Each season has had the same format except for the occasional rotating panel of "sharks".

Depending on how well the pitch goes, the entrepreneur can walk away being a business partner with one, or even multiple "sharks". If all "sharks"

opt out then the entrepreneur leaves empty handed. On a recent episode, there was a Chabad rabbi from Minnesota, who pitched his product called the "SoundBender", a magnetic clip that redirects and amplifies the sound from an iPad towards its user. The rabbi ended up walking away with a deal from one of the "sharks" who invested \$54,000 in return for a 40% equity in his company. This is just one of the many success stories which came from the show.

What makes this reality show so different from its crude counterparts is that the audience at home can get a unique peek into the process and exchanges of making a business deal, learning about equity, and how partnership plays an enormous role in business. I especially advise those entrepreneurs, inventors, and businessmen reading this article to watch the show with a note pad and take notes on what really makes a pitch successful.

Aside from all the pitches and creative business ideas, Shark Tank is very educational and can be watched as a family, having something to interest everybody. One of the greatest parts of the show is the update, which displays a two-minute video showing how entrepreneurs from previous episodes are doing today. Unlike most reality shows that have winners who usually fade away into reality show oblivion, Shark Tank has created multi-million dollar businesses that either found immediate success or are still on their way up.

Based on data released by ABC, over 36,000 entrepreneurs applied to be on the show for the current season, fully aware that even if they don't make a deal, the TV exposure and publicity could do wonders for their businesses and products.

I'm not saying that you must watch Shark Tank, just ask yourself when's the last time your TV actually taught you something?

# Yeshiva Consulting

## Chana Zaks



A challenge students often face in entering life after college is not having leadership experience in business. Students participate in internships, but internships don't offer the opportunity to gain leadership experience per se, as interns are understandably placed at the bottom of the corporate totem-pole. No one would argue that an undergraduate college student should be managing anyone at the corporate level, however this leaves students with a void that most universities don't fill.

### Except Yeshiva University.

Yeshiva University, established in 1886, contains three undergraduate programs: Yeshiva College, Stern College, and the Sy Syms School of Business. Established in 1987, Sy Sym contains 537 students, 401 on the Wilf Campus (Washington Heights) and 136 on the Beren Campus (Midtown Manhattan). Syms has 14 extra-curricular clubs, as well as an Entrepreneur-in-Residence program in which students receive mentorship from a Sy Sym's Dean, Dean Michael Strauss. Syms' culture encourages students to take the initiative and use the resources they have to better the campus.

Jesse Nathanson, (Syms '14) Brett Bar-Eli (Syms '14), Natan Tracer (YC '14) and Darren Sultan (YC '14) founded "Yeshiva Consulting" in October 2013. The program is managed by the Sy Syms Student Council in conjunction with the Sy Syms School of Business.

The program teamed up with a local nonprofit to pair students with merchants in the Washington Heights neighborhood. The students will work closely with merchants to identify the businesses' inefficiencies and advise them as to how to increase profits. Students help with anything from marketing and social media to licensing and accounting, to name a few.

The benefits are two-fold: students not only gain the real-life leadership business experience that is often

rare at the undergraduate level local businesses also receive top-notch consulting as well at no cost.

"We felt it would be nice to take the skills that we are so fortunate to learn during our college classes and give back to the community," says Jesse Nathanson (Syms '14), one of the program's founders and the President of Sy Syms Student Council. "It is also great practice for our students to have real life business experience!"

Dean Strauss, an avid supporter of Yeshiva Consulting, and the faculty member who is the Entrepreneur-In-Residence, couldn't agree more. "It's a win win situation: businesses improve and students are able to implement what they learn," says Strauss. "I'm very excited because it offers our students an opportunity to apply what they learnt and have some hands on experience by the time they graduate."

Dean Strauss shares a story about how a student a few years helped a local business grow by 30%. "The student was able to take what she learnt in class, implement it into the business, and get a closer look of how things work; it's not just something that's in a textbook" says Strauss.

Students from all three undergraduate programs are invited to participate. In fact, two out of the four student founders are Yeshiva College students.

"We feel this is an amazing program that will benefit the student body in many ways and we are very proud of it" says Nathanson. "We hope to have many students get involved and look forward to this program growing for years to come!"

For more information about the program, and for an application to join, please contact the Syms Student Council at [SymsscPres@gmail.com](mailto:SymsscPres@gmail.com).

# Geneivat Da'at and Total Integrity in the Modern Workplace

Steven Y. Glatt

Although sometimes used to refer to (as its colloquial name might suggest) the stealing of intellectual property, the type of Geneivat Da'at (literally the "stealing of knowledge") which is our topic is of a different nature altogether. The Talmud in Tractate Chullin declares that it is entirely prohibited to take part in Geneivat Da'at, regardless of whether the victim is a Jew or a gentile. The context in which the term is used involves the misleading (perhaps even unintentionally) of one party into thinking that another has done something more beneficial for it than is factually true. What becomes apparent through the Talmud's back and forth is that the issue at play is the acceptance of unearned goodwill. However, why doing so is actually prohibited (and not just immoral, for example, with integrity in this area serving as an ideal to strive for) is far less clear.

One reason suggested as to why our Sages viewed Geneivat Da'at in such a negative light is that it is a form of lying, a practice which is generally prohibited (except under certain rare circumstances, such as the three mentioned by the Talmud in Tractate Bava Matzia or for the sake of peace). In essence, the

concern at hand would be a violation of the Torah proscribed injunction of "And from a word of falsity you should distance yourself." Amongst the classic Rishonim (leading medieval Halakhic



authorities), Rambam (Maimonides) and Rabbeinu Yonah (Yonah ben Abraham Gerondi) both seem to ascribe to this opinion. They maintain that part of the issue is the inherent proliferation of negative character traits (namely, in this situation, those associated with a lack of integrity).

Other Rishonim argue, and feel the source of the prohibition is the same as Ona'ah, the restriction from reaping overly large profits undeservedly. Yet a third group (including Ritva, Yom Tov ben Avraham Asevilli, for example) dispute even this position, and insist that (again, as the name suggests) the problem with Geneivat Da'at is simply that it entails stealing in a certain respect. How? Because one unfairly "captures" the victim's goodwill, something which can occasionally be quantified with a monetary value. A fourth and final opinion found amongst preeminent Rabbinic figures may be that of the Smag (Moses ben Jacob of Coucy), who writes that Geneivat Da'at is actually only a Rabbinic institution, and thus has no Torah source at all. That being said, the reason may stem from any of the aforementioned reasons, or perhaps because the Sages considered this a critical way to generally improve social interactions.

Where this issue actually applies, and which cases actually constitute a violation of this prohibition, is a separate and significant quandary. As previously mentioned, the Talmud itself states that there is no distinction between Jews and non-Jews— it is prohibited to deceive either in this manner. But what precise situations rank as a transgression of the injunction against Geneivat Da'at? The Talmud gives a slew of different illustrations, each incorporating some new idea or other. For example, it is deemed prohibited to offer non-kosher meat to a gentile if one does not inform him that it isn't actually kosher. This is because he will naturally think that the giving party, if Jewish, had expended more money or time on him than actually had been (i.e. if it is more

expensive/more difficult to attain kosher meat, as is usually the case). Another situation where this precept is invoked in the Talmud is if a guest were to provide a party's host with an empty bottle of wine (which he will assume was full when given to him, and had later been drunken during the event's duration).

However, perhaps by devising a situation of our own, we will better be able to bring out a few important points discussed by the various Halakhic authorities. Imagine you are visiting a close cousin in the hospital. As you're on your way out, you pass by the room of some other patient, who happens to be a different—and more distant—acquaintance of yours. He sees you as you walk by, and excitedly calls out your name. As you walk into his room, he begins to go on and on about how wonderful it is for you to come all this way (fifteen miles and in rush hour traffic!) just to see him, and how thankful he is that you thought of him. In truth, you didn't even know he was sick until now, let alone a few doors down from your ill relative. Must you correct the misconception out of fear of violating the prohibition of *Geneivat Da'at*, or is it permitted (even obligatory, perhaps) to simply nod your head and smile warmly?

There are a few important points to consider when determining the proper course of action here. First and foremost, if your negative response might cause the patient's medical situation to worsen, then it is likely prohibited to tell him the truth. But even assuming that won't be a problem, it is still likely that you are permitted to remain silent, based on the following grounds:

**A)** Rabbi Dr. Aaron Levine used to speak about “the reasonable man standard.” In Halakha, we determine what the social norms are based on how a reasonable, competent individual would respond in a given situation. For example, in our story, the patient had

made an assumption that most normal people likely would not have made (if, in fact, it was actually not unreasonable— let's say rush hour was still a long time in coming— then things get trickier again). Therefore, it can be said that he had “brought the damage upon himself,” and that you have no Halakhic or moral obligation to correct him.

**B)** Furthermore, if the situation was such that had you known that he was in the hospital, you would have come all that way just to visit him (in other words, the goodwill cannot be said to be truly undeserved)— then some authorities felt that there was no imperative whatsoever to inform him that you were actually wholly ignorant of his plight prior to the moment he called out to you. In a way, you are considered to have earned his feelings of positivity. Thus, remaining silent cannot be said an issue of *Geneivat Da'at*.

**C)** A third aspect to consider is the method in which the deception has been allowed to subsist. Inaction (your silence, in our case) is often considered a less potent form of sin by Halakha; therefore, in this particular instance, where the issues in play have already been significantly “watered-down,” the static manner of your involvement could prove to be reasonable enough to permit the forgoing of a corrective response.

A common problem which comes up in the business world that concerns the issue at hand (as well as *Ona'ah*) is the act of “polishing up” goods one has for sale, to make them appear better than they really are. In fact, Rambam codified the prohibition of *Geneivat Da'at* in context of these laws in his magnum opus, *Mishnah Torah*. The Talmud itself in Tractate *Bava Metzia* directly condemns such practices; however, it also lists a few examples where doing something somewhat similar to deceptive presentation is considered permitted. Where to draw the line is very



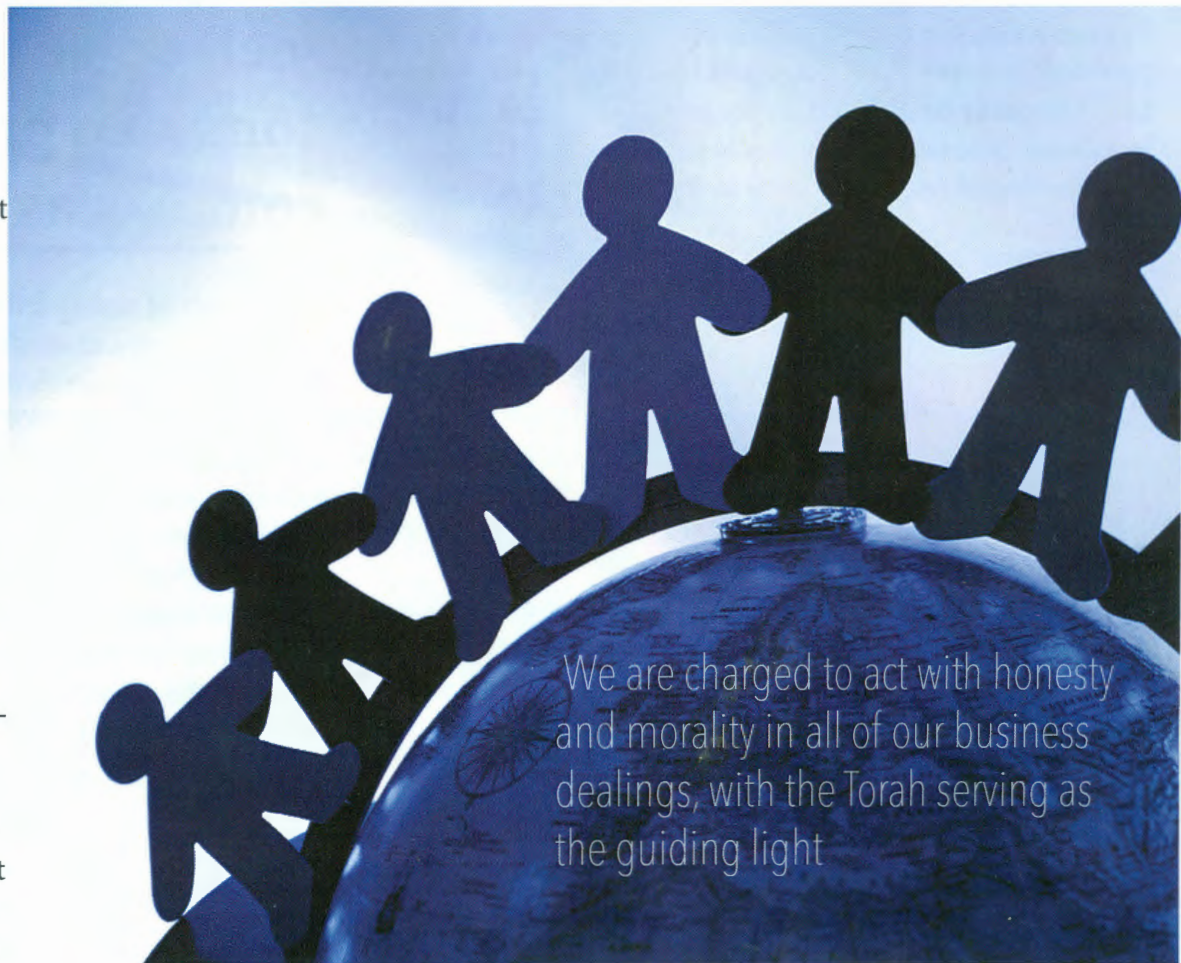
difficult, but some commentators explain that the Talmud means to distinguish between just how deceptive one is being. For example, while it is prohibited to make an old object appear to be new, it is permitted to make an old object look nicer than it was. One elucidation offered for the rationale behind this distinction is that it is understood by the buyers that a storeowner will try to make his wares appear as pleasing as possible. Nonetheless, when they purchase an item, the customers still expect to be receiving the same sort of thing they thought they were acquiring, and not something else entirely. "Old" and "new," therefore, could be said to be "two different types" of items, but "used" and "less used" cannot.

Based on the above, it seems obvious that the current culture must be heavily accounted for in order for something to be considered prohibited and *Geneivat Da'at*. Rambam (many others agree with his sentiment) forthrightly states that we go after the normal *Minhagim*, or customs, of the time period and place where the transaction is occurring. For example, in today's market, where "Like New," "Used – Very Good," and "Used – Acceptable" are commonly employed to denote different criteria, perhaps the standards would be different than in the given example cited from the Talmud in the previous paragraph.

Another item worthy of consideration is how legitimate the customer's expectations really are, as well as the salesman's level of participation in substantiating and propagating the deception (similar to what was discussed above, in context of the hospital patient sample case). To illustrate, let us assume that the average person today thinks that suits made in Italy are nicer and of a higher quality than

those produced in China. But let us also assume this to be incorrect; the exact same company and design team owns factories in both countries, and both factories create identical products. It would be prohibited to outright lie and tell a potential customer that the suits in one's store are from the Italian plant; however, there is also no need, without being prompted, to inform the customer of the fact that the garment was in fact made in China.

To conclude, the Smag wrote that the main reason why the Jewish people are still in exile today is because we are not perceived as a people which deals in business with integrity amongst the nations of the world. It is therefore of utmost importance for us to internalize the notion that we are charged to act with honesty and morality in all of our business dealings, with the Torah serving as the guiding light for each and every transaction in which we are involved.



We are charged to act with honesty and morality in all of our business dealings, with the Torah serving as the guiding light

# Sugary Food is Under Attack, Again

Yaron Zaret

The sweets industry is bracing for yet another setback, this time from our neighbors down south. Mexican bureaucrats have recently passed laws which impose a 5% excise tax on caloric packaged foods in an attempt to combat the nation's obesity problem. In addition, sugary soft drinks will be taxed a peso (approximately 8 cents) per liter (Malkin, 2013).

These levies, which have become branded fat taxes, are by no means unique to Mexico; Germany, Denmark, France, Hungary, and thirty-six states in the US have enacted legislation over the past few years which contain similar policies. The sin tax is especially devastating for Coca Cola, as Mexico is Coca Cola's most lucrative client per-capita in the world.

Muhtar Kent, Coca-Cola's CEO, pleaded with Mexico's president Enrique Peña Nieto and finance minister Luis Videgaray to cancel the vote on the proposed legislation. The latter purportedly responded that, "Mexico would make decisions in its own interest."

Coca-Cola issued a public statement after the sin tax was passed saying, "A tax on beverages is [an] ineffective [measure] to combat a problem as complex as obesity. To change behaviors effectively, we need to ensure people understand that when it comes to weight all calories count, regardless of the source—and that includes our caloric beverages too" (Guthrie, Luhnnow & De Cordoba, 2013).

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## A tax on beverages is an ineffective measure to combat a problem as complex as obesity

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The concept of taxing fatty foods and sugary soft drinks has been a matter of public debate for nearly two decades. Advocates of the tax point to the ever-growing obesity epidemic that is killing both the people and the economies of many developed nations. Obesity in the United States is accountable for approximately 300,000 deaths per year ("Overweight and obesity," 2013). Contrasting that statistic to the 16,259 homicide deaths each year has led many to conclude that the government must be just as tough on obesity as it is tough on crime ("Assault or homicide," 2013). Obesity also weighs down the



U.S. health-system, accounting for 190 billion dollars per year in extra health care costs (Begley, 2012). For all of the above reasons, it is understandable (or perhaps even commendable) that governments throughout the world have begun to enact legislation restricting easy access to sugary and fatty foods.

Conversely, many people are of the opinion that the public should have the right to make their own decisions; government sin taxes infringe upon the constitutional rights of individuals. Critics of the tax also point to Denmark, a country where fat taxes failed miserably and were repealed less than a year after they were passed. The nation had still consumed the same amount of sweets— but rather than purchasing from Danish distributors, they had instead supported the German economy, by way of near constant sweet trips across the border (in which cars were loaded with German pastries, chocolates, and soft drinks) (Bomsdorf, 2012).

Furthermore, opponents argue that sin taxes are a springboard for smuggling and crime. Tobacco smuggling is a multi-billion dollar business due to the heavy sin taxes imposed on all tobacco products. The proceeds of these illicit smuggling rings fund drug cartels, terrorist organizations, and prostitution rings throughout the world (Guevara, 2008). Critics also point to the fact that thousands of Coca-Cola, Kraft, and Pepsi employees will inevitably be laid off because of the taxes. They argue that the enormous amount of damage dealt to society in general far supplants any potential gains the legislation may induce. The taxing of fatty foods and sugary soft drinks has been a debate for a great deal of time and seems unlikely to be resolved soon. Both sides of the debate appear to have valid and convincing arguments. For now, the only clear losers of such policies are the employees of soft drink and fatty food companies.



# Apple Under the Tim Cook Regime

Raymond Cohen

For the first time in its history, Apple Inc. released two new iPhones simultaneously. Many people have wondered why Apple would possibly do so. Basically, it comes down to the following: the 5s was developed as a progression of the iPhone 5, while the 5c was created to compete with some less expensive Android models—in other words, to help accommodate those who would want to buy a smartphone, but cannot afford the 5s (especially

in emerging markets like China and India). The 5c is Apple's attempt to capitalize on the existing lower end market for smartphones; which, along with Apple's other latest releases, pretty much typify CEO

Tim Cook's vision for the company. Cook has taken Apple from being an innovator and has made them a fast follower. Rather than creating original markets and telling consumers what they want, the new CEO looks to capitalize on existing markets and to tweak his products to meet consumer demands.

As CEO, Steve Jobs took Apple to new heights by creating products in markets that did not yet exist. When the original iPhone was released in 2007, the market for smartphones was essentially limited to businesspeople. Steve Jobs dreamed up the idea for a touch screen phone, and in effect created a market of people who buy a smartphone for personal use. Think how much of an impact that one small innovation has had on the enormous mobile gaming industry alone... Similarly, the original iPad was developed (in 2010) at a time when tablet computers were considered to be

impractical. Today, well over 20 million have been sold.

Tim Cook, however, has been far less innovative, and instead has behaved in a much more reactive manner. The line of products released since he took over in August of 2011 has been nothing more than slight modification of already existing products. Rather than leading markets, Apple is now allowing markets

to lead them. For example, the iPad Mini was developed as a reaction to consumers who began to take a liking to smaller tablet models, such as the Samsung Galaxy Tab and the Nexus 7. Not only that, but the iPhone 5's larger screen (which is basically the only noticeable advancement made

from the 4s) was a reaction to consumers who wanted to see a larger display on their phones. Even the new iTunes radio was created simply to generate additional revenue in an area otherwise dominated by Pandora, the online worlds' preferred radio service.

Perhaps this lack of innovation is just be a phase that Apple is going through. Maybe they are focusing on enhancing their existing products before they take the next step and create new cutting-edge technology. But then again, maybe not. For instance, Tim Cook has Apple sitting on the sidelines of the wearable computing revolution. Google has already released a prototype of Google Glass, their eyewear with computing technology. Furthermore, Samsung, Sony, and Qualcomm have all announced releases of smartwatches; Apple, of course, has been silent. For now, Apple seems to be playing the waiting game to see how consumers will respond to these newly



# RIP, BlackBerry?

Avishai Cohen

developed technologies. This hesitation is extremely uncharacteristic of the old Apple of the Jobs Era, but maybe not the new Cook one.

One final point: this change in strategy is not necessarily a bad thing. After all, a company should maximize profits on all of its products and reach as many consumers as possible. As countries such as China and India continue to emerge in the role of the consumer, it is certainly vital that Apple establish themselves in these potentially gigantic markets by responding to consumer needs. Additionally, it may also be a good thing for companies to save money on research and development and create a product that they are sure the market wants. Nonetheless, I still feel that while that all may be true- Apple is not just any company. From the iPod Video to FaceTime to Siri, Apple has a reputation for taking risks on new technology, and for leading their consumers into the future by consistently creating new products and innovating ideas. It's about time Apple and their new CEO remember that.



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## Ten years ago,

BlackBerry smartphones were the best out there. Virtually unrivaled in the United States, they dominated the market. Carrying a BlackBerry was a status symbol in corporate circles, and for regular folks, it meant you were “with it” and cool. Yet compare today’s models to a lower-end Android phone, and it looks like a children’s toy. What happened to this market leader?

Palm had a similar fate to BlackBerry’s. Back then BlackBerry’s only serious competitor in the North American market, the company has since been acquired by HP, and remains nothing more than a distant memory (although admittedly a fond one). The Palm Zire 72 was the first true gadget I ever owned, and I used to think it was super cool). The Treo line of smartphones were very popular and “in” for a while. The technology was highly advanced at the time and had a loyal following. Palm even had the excess cash to attempt real innovation: few people

might remember the Folio, Palm's failed attempt at making a tablet— but it was fairly ground-breaking, and may have revolutionized the market had the project not been killed. Where did corporations like these giants go wrong?

Even two years ago, despite the popularity of iPhone and Android, BlackBerry somehow dominated. BlackBerry Messenger, the BlackBerry to BlackBerry messaging app, seemed to be a primary reason. BlackBerry Messenger, or BBM as it is commonly called, was the first real mobile messaging platform. You could exchange unlimited text messages and pictures with any BlackBerry user anywhere, freely included in your data plan. In a move many interpret as capitulation, BlackBerry has announced that the BBM application will be available on iOS and Android.

So what happened? Exactly how did America's number one smartphone sink so low?

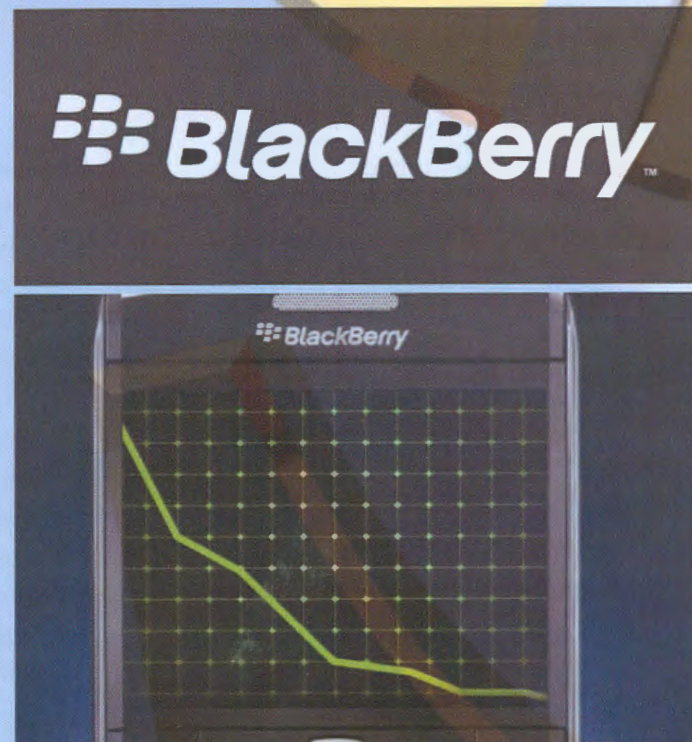
The verdict: BlackBerry failed to innovate, and now they are paying the price. The more versatile companies now have even the classic BlackBerry features in their sights. But it's clear that the lesson may never sink in. They ousted their longtime co-CEOs hoping that a new CEO would turn the company around. They promoted internally, instead of looking elsewhere. (However, it is certainly worth noting that outside talent is not always the answer. Nokia hired Microsoft's Steven Elop as CEO hoping for a turnaround that never materialized. Microsoft's CEO Steve Ballmer recently announced his intent to retire. Barely two weeks later, Microsoft announced its \$7.2 Billion takeover of Nokia's mobile devices unit. With the acquisition, Elop will return to Microsoft and is the favorite for CEO).

BlackBerry just didn't seem to make a serious effort. Their sole entry into the tablet market was a half-baked product that lacked many important features. Almost laughably, BlackBerry's tablet initially required the buyer to have a BlackBerry phone and pair it. Essentially, it was a wireless, large screen display for your phone. It hit discount racks fast. BlackBerry further alienated the very few users by declining to update the tablets with the new operating system. Yet the tablet market is exploding; selling a good tablet

is considered a “do or die” in the tech industry. But BlackBerry appears to be content to sit this one out, and apparently opt for the “die” option...

Despite its many failures, can the one time behemoth still save itself?

In all honesty, it doesn't really look like it. For starters, they recently agreed to a private equity buyout, valuing the firm at \$4.7 billion. That announcement came just after BlackBerry announced a \$1 billion loss and mass layoffs of around 4,500 employees. Furthermore, the status of the buyout itself remains uncertain. According to some reports, Cerebrus, an American private equity behemoth, is also considering purchasing BlackBerry. Chinese computing firm Lenovo is also rumored to be interested. Excitingly, the Wall Street Journal reported that BlackBerry executives recently met with Facebook to discuss a bid as well. Regardless, privately held, what the future would hold bring remains a question mark.



BlackBerry's assets consist of patents, the BlackBerry Messenger service, and the enterprise service. Additionally, there is also the hardware unit. Selling off the various pieces might be the best way forward. The new BlackBerry 10 platform that was supposed to save the company simply failed to take off. Developers aren't writing apps for it; BlackBerry has finally resorted to allowing Android applications on the platform. Corporate customers, BlackBerry's bread and butter consumer base, migrated to iOS and Android. In an act of seeming desperation, BlackBerry has released a "Secure Workspace" app for Android and iOS. Their goal is to provide the security that BlackBerry has always been known for, but now on competing devices. Presumably, the offered service is geared towards former BlackBerry customers still using the BlackBerry Enterprise Service. Apparently, BlackBerry is not confident that the current user base will remain loyal to their lines of hardware. Nonetheless, they recently took out a full page ad in the Wall Street Journal to assure the world of their financial health. Note to BlackBerry executives: a move like that assures nothing but the opposite.

The biggest selling point of BlackBerry devices remains the hardware keyboard and messenger. While Apple has never offered a hardware keyboard, many Android phones do. However, push email is available on virtually every smartphone. Apple debuted iMessage and FaceTime a few years ago to compete with BlackBerry messenger. Google offers Hangouts, Google Talk, and Google Voice for Android and iOS. Further, there are many cross platform communications apps, such as WhatsApp and Skype. Although currently its last significant distinguishing feature, with all these recent advances, it seems only a matter of time before BlackBerry's communication advantage is totally gone.

One final reason businesses might be incentivized to stay with BlackBerry is because they are invested in the enterprise software. And that's almost gone too. Many companies are testing a "bring your own device" policy, while others have already switched.

Once, there was a vast ecosystem of "CrackBerries", die-hard BlackBerry addicts. That universe is ever shrinking. I still remember when BlackBerry would introduce a new phone. My dad replaced his BlackBerry yearly and our whole family was excited to see the newest version. Yet even he switched to Android in August, and it doesn't look like he'll ever be going back. Maybe BlackBerry will reinvent itself, but I fear that a once great company will soon bite the dust.

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CEO of Countrywide Financial, said to be the largest subprime lender, totaling at least \$97.2 billion worth. In 2008, Countrywide was sold to Bank of America for \$4 billion, a fraction of its \$24 billion value a year earlier. He received close to \$470 million in compensation during the housing bubble, as well as several country club memberships. The SEC charged Mozilo with insider trading and securities fraud in 2009. He settled a year later, without admitting to any wrongdoing. He was fined \$87.5 million, \$20 million of which was paid by his former employer and accepted a lifetime ban on being an officer of a public company. Not all bankers saw their career implode around them. A few are still occupying the same positions today at the helm of big banks.

Jamie Dimon, CEO and former Chairman of J.P. Morgan Chase, has managed to last through the crisis relatively unscathed. Dimon, a donor to the Democratic Party, has close ties to the Obama administration which some believed may have helped the bank stay afloat. Despite his many policy disagreements, President Obama spoke highly of Dimon. It was rumored that he was in the running for Secretary of the Treasury, although Tim Geithner got the nod in the end. Under Dimon's stewardship, J.P. Morgan acquired Bear Stearns and Washington Mutual, two struggling Wall Street giants. However, not all was rosy. The bank suffered a \$6.2 billion trading loss engineered by an outsize bet from a single trader in London. After dealing with nearly 1,000 lawyers, J.P. Morgan eventually settled, paying \$920 million in fines to various U.S. and U.K. government agencies. On October 3 of this year, J.P. Morgan announced that Dimon would retain his position of CEO, but was being replaced as Chairman.

Lloyd Blankfein, of Goldman Sachs was another survivor of the recession. Goldman weathered the Recession fairly well, even posting profits due to smart bets against the housing market. However, they still took out massive loans from the government, which have all since been repaid. They also secured a \$5 billion investment from Warren Buffett's Berkshire Hathaway, solidifying investor trust in the firm. Blankfein remains at the reins of Goldman Sachs and is among the highest paid bank executives in the world.

Clearly, Occupy Wall Street did not get its wish. Today, only one of these men is behind bars, while Wall Street is still flourishing. Despite the numerous effects of the Great Recession on the American people, top bankers are still prosperous. Evidently, some things may never change.

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# Is College a Worthwhile Investment?

Yaron Zaret



Diploma

The average price of private and in-state college tuitions, at \$43,289 and \$22,261 respectively, compounded with the increasing difficulty of landing a relatively good job post-college, have caused many to argue that college is simply not worth the time and money. In fact, recent studies conducted by the Associated Press report that fifty-three percent of college graduates are unemployed or underemployed. More and more people find themselves unable to pay their student loans, and many students are graduating with six figures of debt, before any interest is accrued.

In fact, the Department of Education estimates that seventeen percent of in-state university graduates will default on their student loans within the next twenty years. For private universities, the default rate over the next twenty years is expected to be a whopping forty-nine percent. The delinquency rate on student loans has, for the first time in history, become higher than any other type of loan. Defaulting on student loans is an undesired situation for many, due to the fact that the federal government can garnish a person's wages, seize tax reimbursements, and remove any eligibility to federal aid until the loan, along with the accrued interest, is paid in full. Unlike most types of debt, student loans are not liquidated with bankruptcy; defaulting on a student loan will follow a person forever. Even if a person repays his debts fully, his credit will be tarnished for years. Mark Kantrowitz, president of MK Consulting in Cranberry Township, Pennsylvania, and operator of the FinAid.org website, describes defaulting on a student loan "like a trip through hell with no light at the end of tunnel."

According to some, a college degree is no longer synonymous with a bright future of employment; a college degree in 2013 is associated with large debt. Perhaps parents and high school counselors should reconsider their gungho approach towards going to college.

On the other hand, pursuing a college degree has its advantages, of course.

College graduates who do find jobs typically earn \$21,900 more per year than those with just a high school diploma. Also, they are far more likely to be promoted in their respective careers than those who did not attend college. To put this in perspective: In a recent study, Forbes concluded that those who graduate from a four-year college are likely to earn \$650,000 more over the course of their lifetime career. Furthermore, there is a higher job satisfaction

rate among college graduates: Sixty percent of college graduates state that they are very satisfied with their jobs, versus only fifty percent of high school graduates and forty percent of high school dropouts.

Furthermore, college educated people are, as a whole, physically healthier than non-educated individuals, as college graduates typically exercise more, have lower rates of obesity, and are less likely to smoke than high school graduates. College graduates generally have higher self-esteem as well.

While pursuing a college degree is a difficult financial endeavor, it has numerous life-long benefits. Although the topic is debatable, in my humble opinion, college is worth the debt. A college degree's life-long benefits surely outweigh its cost. As Aristotle's timeless saying goes, "The roots of education are bitter, but the fruit is sweet."

Written by: Yaron Zaret, Syms '15.

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