

Apple is planning to shake up its massive Services business to push further into streaming and advertising

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Apple CEO Tim Cook. Stephen Lam/Reuters

- Apple vet Eddy Cue is reorganizing the management structure of its Services business, sources say.
- The company is pushing harder into areas including streaming and advertising.
- Cue is giving more responsibility to services VP Peter Stern and ads boss Todd Teresi.

Apple's Eddy Cue is discussing restructuring its \$76 billion services business to make a bigger push into lucrative areas like [streaming](#) and advertising, and has already elevated executives to that end, sources said.

Apple Services houses ventures including the App Store, Apple Music, iCloud, AppleCare, [Apple Pay](#), Apple News, advertising, and Apple TV+.

Apple Services grew [17%](#) to \$19.8 billion in its last quarter and reported 825 million paying subscribers globally. It would be the 113th largest company on the [Fortune 500](#) list by revenue if a standalone company.

One person who has spoken directly to Cue said the senior vice president of services is considering how to unleash growth by reorganizing its management structure and pushing harder into areas like streaming and advertising. The company picked up a best picture Oscar for its \$25 million movie, "CODA," and just started streaming ad-supported Major League Baseball coverage on Friday nights.

Cue has already changed responsibilities for one executive who spearheads Apple's sports portfolio. Peter Stern, who is vice president of services and has looked after units including video, news, books, iCloud, advertising, Fitness+, and Apple One, according to his LinkedIn profile, has shed responsibility for advertising, say three people familiar with the matter. Stern's heavy portfolio needs his full attention.



Eddy Cue at the Allen & Company Sun Valley Conference in 2018. Drew Angerer/Getty Images

The iPhone maker is expected to make a play for a raft of sports broadcasting rights, including the NFL's Sunday Ticket and the NBA, when they come up for renewal. Stern, who joined Apple in 2016, previously led Time Warner Cable's internet, phone, video, and "intelligent home" businesses and was involved in acquiring the media rights to the LA Dodgers.

"The unique situation with Apple is that it has a relatively small base for Apple TV+. The addition of Sunday Ticket would allow them to increase their base subscription level, a metric in the business known as lift," said Ed Desser, president of sports TV consultancy Desser Sports Media.

Apple could monetize sports rights in three key ways: New subscribers, additional subscriber revenue for an add-on sports package, and advertising revenue, Desser said — though in-game ad inventory is likely to still belong to whichever broadcast networks originate the feed, he added.

Stern is said to have given his advertising responsibilities to one of his direct reports, Todd Teresi, a vice president responsible for Apple's advertising business for more than a decade. He was quietly promoted at the beginning of the year and now reports directly to Cue, people familiar with the matter said.

"The Services portfolio is too big now, with too many other growing segments. The ad business is big enough to live on its own," one of the people said.

Teresi's promotion reflects the recent explosive growth in Apple's ad business. Apple's biggest advertising source — search ads — grew 238% to \$3.7 billion in 2021 versus 2020, according to research firm Omdia's principal analyst Matthew Bailey. Omdia has forecast that Apple's search ad revenue would hit \$5.5 billion in 2022. [Its recent privacy update, forcing developers to ask for permission to track them, also prompted some advertisers to shift their spending to its search ads product.](#) Apple, which offers ads in its App Store, plus its news and stocks apps, has also recently begun serving TV-like ad slots in its MLB telecasts.

A source said they had been told by two Apple insiders that Teresi is "back in the chair." Teresi previously led Apple's iAd mobile advertising network, which launched in 2010 but shut six years later having failed to capture more than a single-digit share of the mobile ad market.

Other planned executive changes in the Services division couldn't immediately be learned. An Apple spokesman declined to comment.