

Is Tesla Motors the next Apple Inc?

BY [G L STROUT](#)

Life is full of missed opportunities. One of mine is [Apple Inc](#). I remember when Apple stock was \$18.00 per share. As I write this article, the stock is quoted at \$257.28. To add insult to injury, it has split several times so, for example, if I had bought 200 shares back when it was \$18.00, for a total of \$3600, it would now be worth around \$180,000 today allowing for the stock splits. That is probably not an exact number but it illustrates an opportunity that I missed. The question is can I take advantage of a similar opportunity with [Tesla Motors](#).

Tesla, founded in 2003, issued its first public stock offering recently at \$14 to \$17 a share; the stock has now settled at around \$17.05. The company makes an all-electric roadster that simply blows away the competition. As one reviewer put it:

"There aren't too many cars on the road that can handle a turn better or get to sixty miles per hour faster than the Tesla Roadster. Go ahead then... save the planet and drive an excellent all around sports car at the same time!" -[Sports Car Examiner](#) Ivan Katz



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The Products

The company has created a product that is unique and exciting. There has been a waiting list to buy this \$100,000+ car since the day it debuted. They are selling in over twenty countries and have announced newer versions of the roadster and a completely new Model S five passenger sedan to be available in late 2011. As of March 2010, the company had pre-production orders for 2000 Model S cars.

Tesla Model S



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Smart city car

In late 2007, Tesla began working with Germany's Daimler AG on power train components for an electric version of the German company's [Smart two-seater city car](#). Tesla is producing the battery packs and chargers for an initial 1,000-unit fleet of EV Smarts. Daimler has not released details about the vehicle's pricing or timing. The two companies announced that they were working together on the Smart in January 2009.

Minivan, crossover, utility fleet van, cabriolet

Tesla also announced plans to build electric family-sized minivans, electric SUV crossovers, and electric fleet vans for municipal governments. The planned crossover, utility van and cabriolet will most likely be based on the [Tesla Model S](#) platform.

In addition to its own product line, it is licensing technology to other manufacturers and projects sales of 20,000 Model S sedans per year in the near future. Based on this public information, the company has a growing product base that shows dynamic and creative innovation with promising products.

Model S Sedan



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The People

Who leads this enterprise and who the players are will probably determine if this is the next Apple. After all, Apple would have probably failed without the return of Steve Jobs. Tesla is headed by successful Silicon Valley entrepreneurs Elon Musk, Ira Ehrenpreis and Antonio J. Gracias who all have prior experience at developing new companies.

With extensive venture capital and large low interest loans from the US Department of Energy, the company appears to be on solid footing and in experienced, capable hands.



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The Toyota Connection

In May of 2010, Tesla announced it would buy the former NUMI assembly plant in Fremont, CA to assemble the Model S sedan. The plant had the capacity to produce 400,000 vehicles according to INC.COM.

"The new Tesla factory will give us plenty of room to grow," said [Elon Musk](#), chief executive of Tesla, at a California press conference held to announce the deal. [PayPal](#) co-founder Musk, who is also the six-year-old start-up's founder, was [Inc.'s Entrepreneur of the Year](#) in 2007. –INC.COM

Toyota and Tesla have also announced plans to cooperate on engineering and development of automotive and production systems.

Full Disclosure

While I admit I am in "lust" over the [Tesla Roadster](#), I have tried to give an impartial assessment of the company. I leave it to the reader to decide if this is really the next Apple Inc. or not. I am betting it is.