Ford lures Apple executive to oversee its new software subscription services unit

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Peter Stern, Apple Vice President of Services, speaks at the Steve Jobs Theater during an event to announce new products Monday, March 25, 2019, in Cupertino, Calif. Ford said Monday, Aug. 14, 2023, it hired Stern, who will run Ford Integrated Services, a unit that will combine software and hardware into services.Credit: AP Photo/Tony Avelar, File

Ford has hired away a key Apple executive to run a new business unit that will sell software-related subscription services to vehicle owners.

The Dearborn, Michigan, automaker said Monday it hired Peter Stern, who was Apple's vice president of services. He'll be president of Ford Integrated Services, a unit that will combine software and hardware into services.

At Apple, Stern oversaw Apple TV plus, iCloud storage, Apple Books, the arcade and fitness operations and other businesses, Ford said in a statement Monday.

Stern started Monday and reports directly to CEO Jim Farley.

Stern also will expand Ford's BlueCruise hands-free partially automated driving system, as well as productivity and safety and security services, the statement said.

Asked if people are getting tired of paying for subscription services, Stern said people will buy single services and bundles as long as they see the value.

"When we do that right, customers will sign up not only for individual, ala carte services, but I think we'll also create bundles of services that make it really easy for customers to get the most out of their vehicles," he said.

Stern, who before Apple was Time Warner Cable's chief product officer, said there were worries about whether the company would ever exceed $100 per month in average revenue per user. "That was in the rear view mirror pretty quickly because of the value we delivered," Stern said.

This Oct. 24, 2021 file photo shows a Ford company logo on a sign at a Ford dealership in southeast Denver. The Dearborn, Mich., automaker said Monday, Aug. 14, 2023 it hired Peter Stern, who was Apple's vice president of services. He'll run Ford Integrated Services, a unit that will combine software and hardware into services. Credit: AP Photo/David Zalubowski, File

Also, Stern said that when he started at Apple, it had only two subscription services, iCloud and Apple Music, but when he left there were over 1 billion subscriptions for services.

"We know the playbook," he said. "We have some great ideas about the services that we need to offer."

He told reporters that he expects safety and [security services](#) will have a high number of subscribers. For instance, Ford recently showed off an SUV at a campsite that recognized a bear and activated the horn and lights to scare it away.

Ford, which CEO Jim Farley said has 550,000 paid subscribers for software services with a 50% [profit margin](#), does not immediately plan to separate the Integrated Services unit as a separate business and show its profits on the income statement. But that could be done later, he said.

The company, he said, will roll out a new [vehicle](#) electrical system in 2025 that will enable more software services. It will go into the next generation of electric vehicles as well as combustion-engine vehicles like the new version of the F-150 pickup, he said.

Shares of Ford rose slightly to $12.18 in midday trading Monday.