Amazon.com
the Hidden Empire

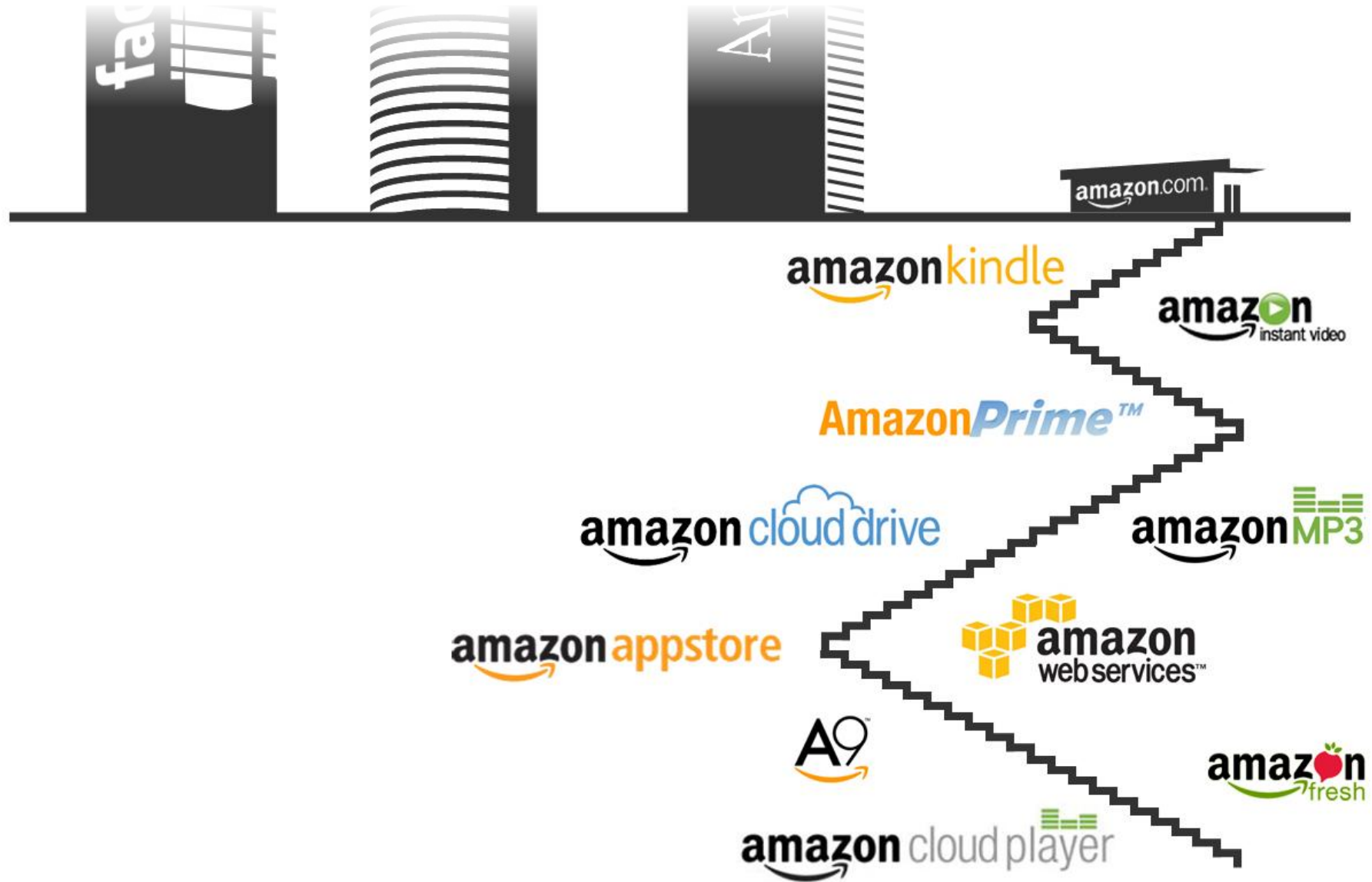Three digital engines to **reshape** and **dominate** retail

faberNovel
ideas with legs

Amazon.com:
a digital shop around the corner…
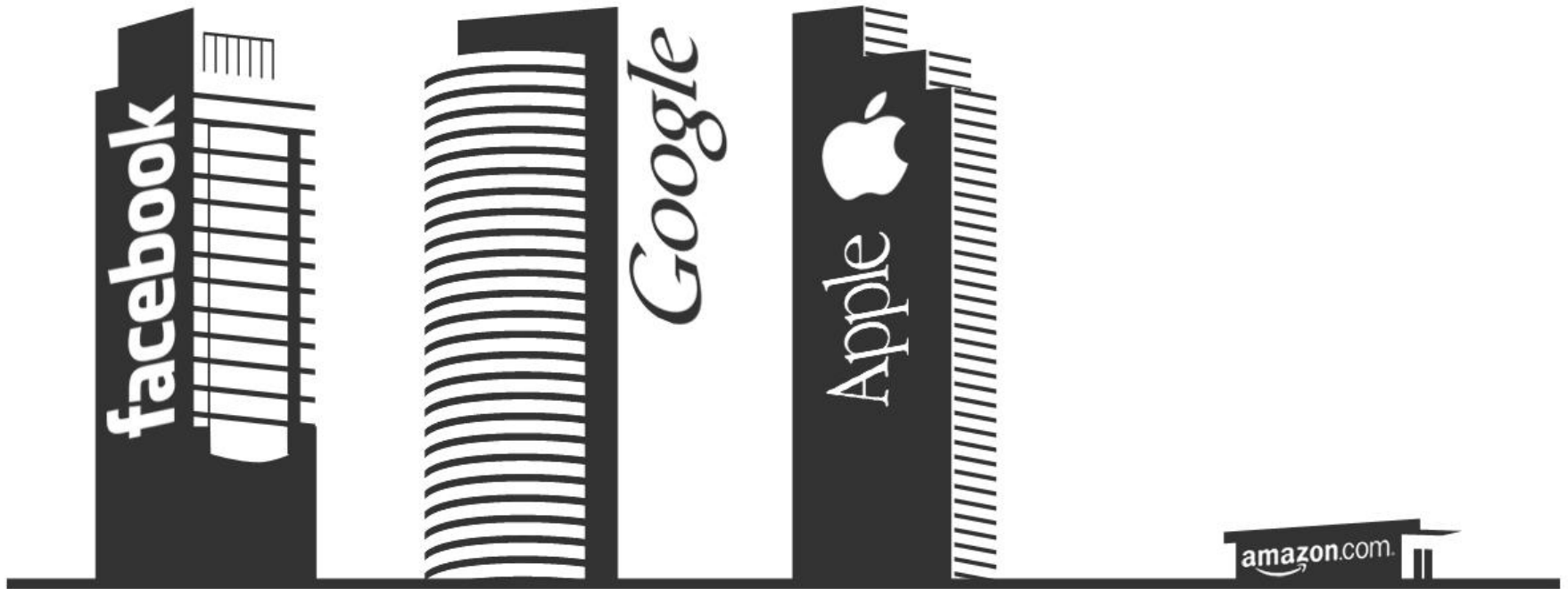
… and a digital colossus.

Did you know:
all these companies belong to Amazon…

Did you know: Amazon is also…

AmazonBasics
Amazon-branded electronic products

AmazonFresh
sells and delivers groceries in Seattle
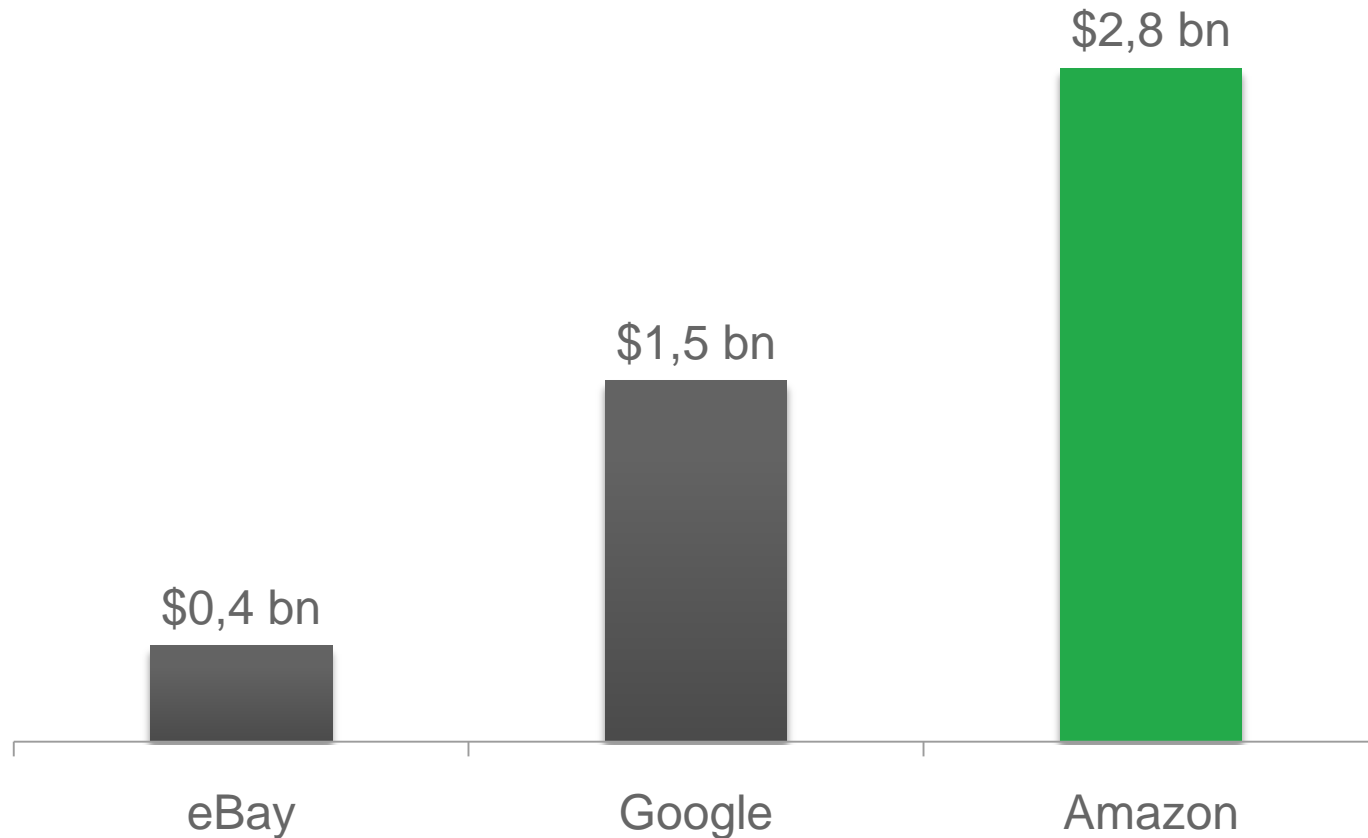
AmazonStudios
online social movie studio

Amazon WarehouseDeals
offers discounts on refurbished products

Did you know: Amazon has had one of the fastest growths in the Internet's history…

Revenues reached within first 5 years

$2,8 bn

$1,5 bn

$0,4 bn

eBay

Google

Amazon

Amazon and eBay results from 1995 to 2000, Google from 1998 to 2003.
Even though Zynga and Groupon appear to have an even quicker growth, they haven't been compared because 1- sales have not been officially disclosed 2- they haven't reach their fifth year

Did you know: Amazon Web Services drives these companies…

Etsy

foursquare

ftopia

Quora

NETFLIX

papaya

smartsheet
THE POWER OF DONE

Tapjoy
FUELING GREAT APPS

airbnb
Travel like a human.

Dropbox

zynga

reddit

theguardian

yelp

37signals

Voyages-sncf.com

Did you know:
Amazon.com is a giant…

|		E-commerce market
Y/Y growth for Q1 2011 **+38%**	**3 ×** growth of	eBay
Market cap **$90 bn**	**2 ×** market cap	eBay
Customers **137 m**	**2 ×** # customers	GROUPON Collective Buying Power
Employees **33,700**	**15 ×** more than	facebook
Annual revenue **$34 bn**	**16%** more than	Google
Internet traffic rank **16**th	**before**	bing
Retail brand **1**st	**before**	Walmart
Paid out **$1.2 bn**	**to buy**	Zappos.com

Why? A vision…

From 1994, Jeff Bezos knew he could create a retail website
that would not have the limitations physical businesses encounter.

"**You could build a store online that simply could not exist in any other way.**

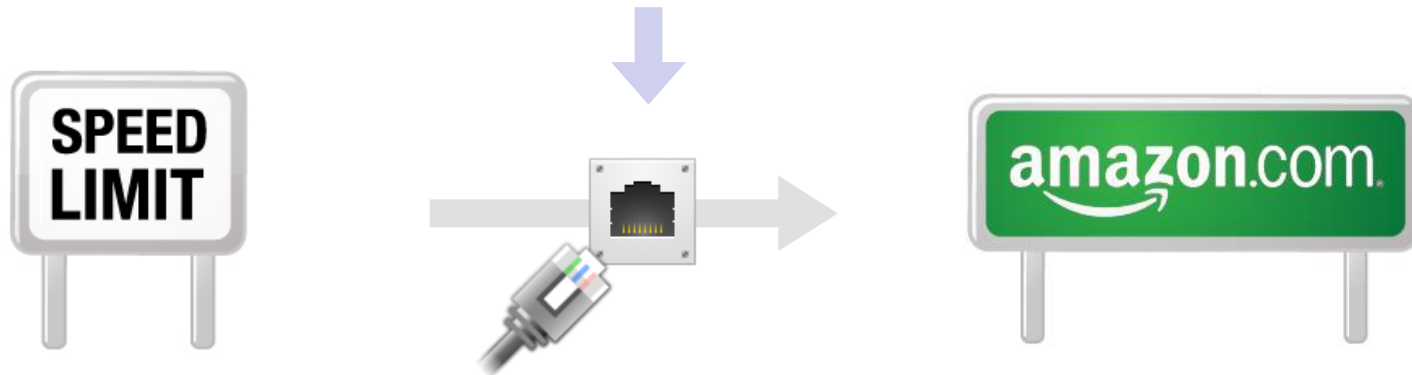You could build a true superstore with exhaustive selection; and customers value selection."

Jeff Bezos
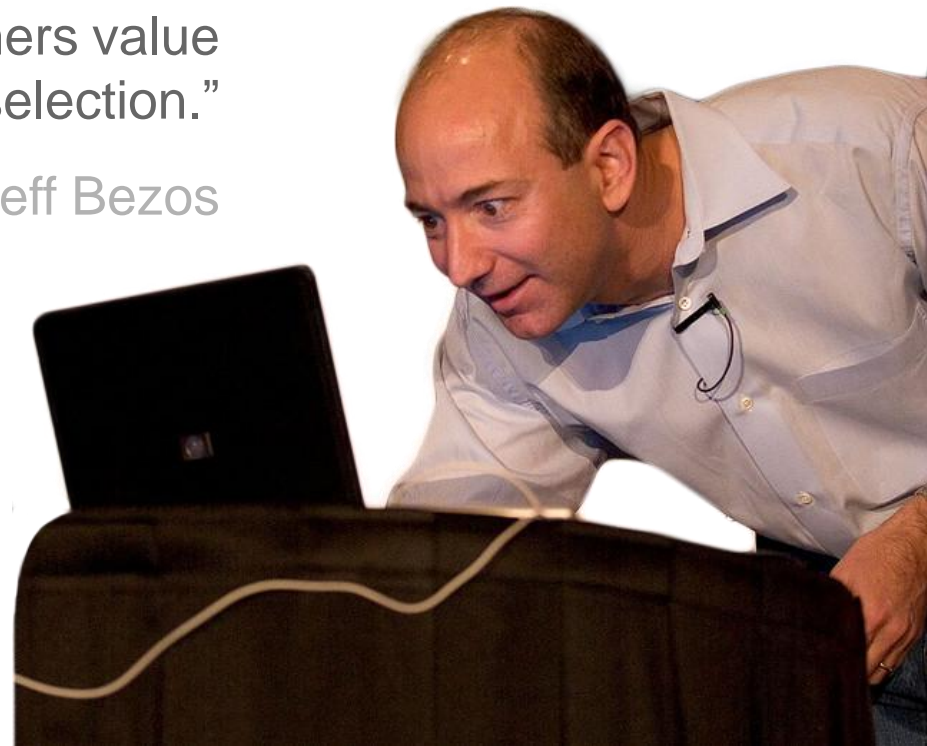
… served by great execution & innovation

Digital Engine: A digital lever providing a significant advantage to outperform one's competitors

High fixed and variable costs	Negligible variable costs
No real-time metrics	Real-time optimization
Slow innovation process	A/B testing and full-size prototypes
Limited reach	No physical frontier: worldwide market
Limited space	Unlimited inventory and categories
Slow inventory turnover	Ever-improving metrics & optimization
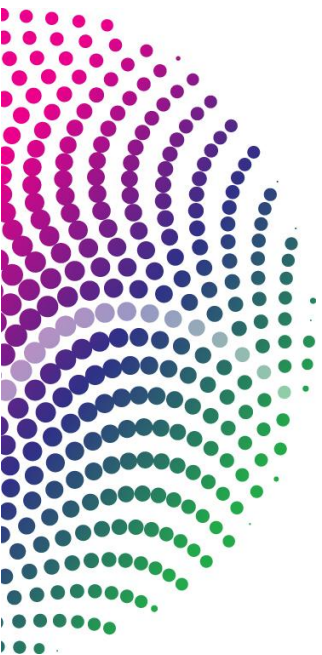
One by one, Jeff Bezos carefully assessed the true advantages the Internet would give him, and **pushed them to their boundaries**
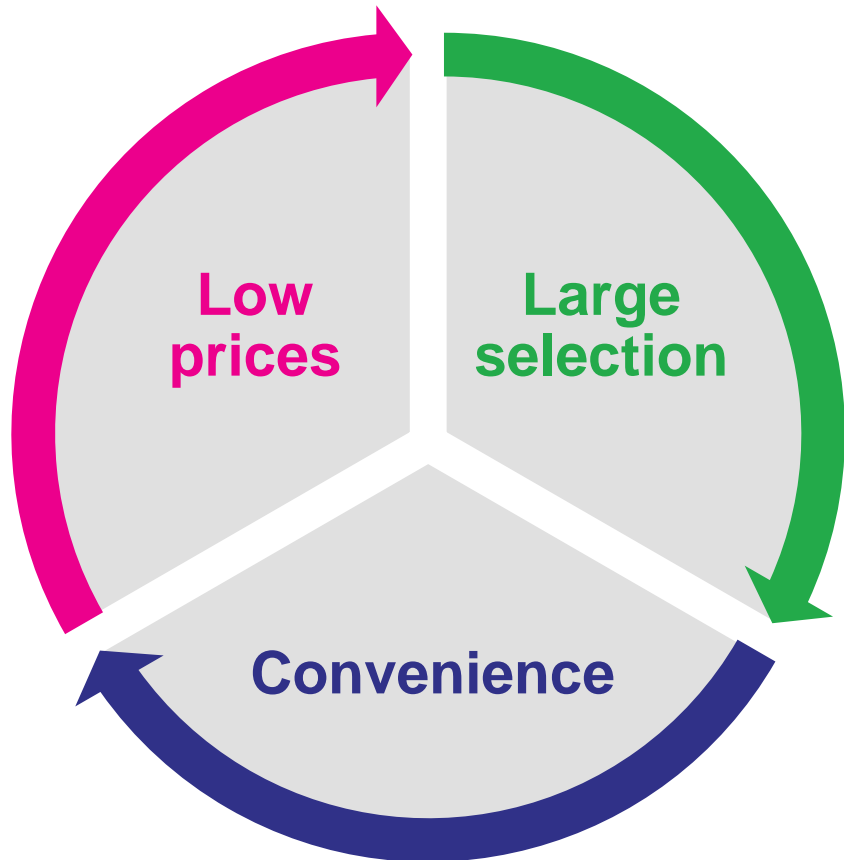
Digital engine #1
No limits

How Amazon fosters a very classical business model with the Internet's specific advantages.

Not that disruptive of a model: "sell and deliver stuff to customers"

Amazon perfectly understood the **old-economy retail cocktail**: low prices, large selection, convenience/customer experience.

Low prices

Large selection

Convenience

"I can't imagine that ten years from now [customers] are going to say: 'I really love Amazon, but I wish their prices were a **little higher**'"

Jeff Bezos

Jeff Bezos' 3 big ideas

1 Digital enables limitless inventory

2 Digital boosts customer care

3 Digital allows high margin, lowest prices

1995

2011

In 15 years,

Amazon went from **1 category** (books) to **16 main categories**

Amazon began with books…

Competition

Market was large and fragmented.

Contrary to the concentrated music industry, no player would have the power to freeze out a new entrant.

Product

A book does not have to be accurately described: it is a universal and simple object.

Book distributors were already exchanging digitalized listing.

Search

Search would make it easy for customers to find books among the entire database.

Amazon repeatedly appears first on Google's results page.

… and needed to get big fast

Buying power

With great size comes a better ability to negotiate volume discounts.

Suppliers ignore Amazon.com at their own risk.

Brand & trust

Trust is hard earned, and easily lost

It involved establishing a world-class brand before barnesandnoble.com

Cost management

It is logical to amortize high fixed costs over a great number of customers.

Variable costs are very low on the Internet.

Long-term focus: **"market share now equals revenue later"**
Netscape cofounder Marc Andreessen

Create a digital driven supply chain

Hiring from *the* expert: **Walmart**

Amazon poached Walmart's employees:

- Richard Dalzell as its Chief Information Officer
- Jimmy Wright as its Chief Logistics Officer

They were responsible for Walmart's secret weapon:

- A computerized supply chain
- An impressive supply-and-distribution network

Walmart sued Amazon for violation of trade secrets law in 1998.

1995

Garage
400 sq feet

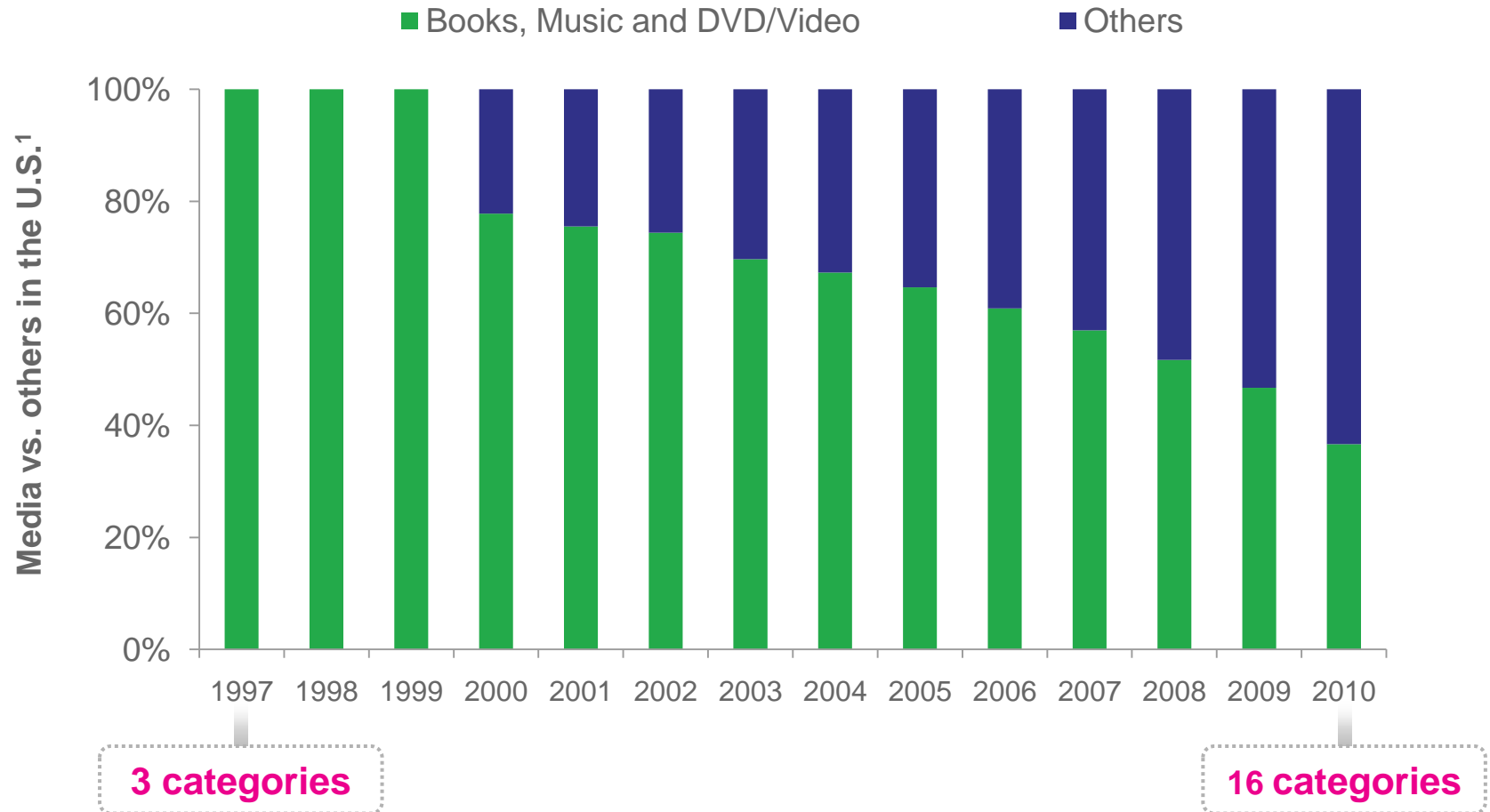**1997**

2 fulfillment centers
300,000 sq feet

2010

50 fulfillment centers
26,000,000 sq feet

Limitless categories too

■ Books, Music and DVD/Video   ■ Others

Media vs. others in the U.S.[1]

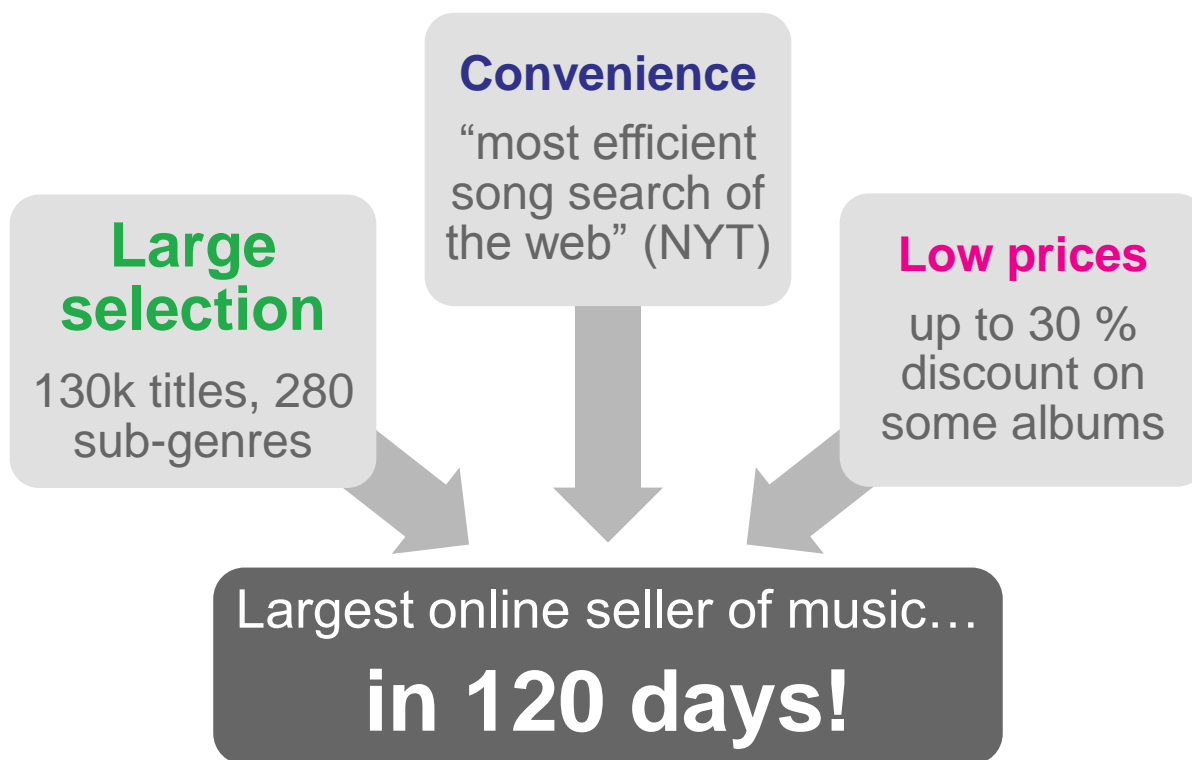| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |

3 categories

16 categories

By introducing two new product categories every year for almost a decade, Amazon's market share represents **one third of U.S. e-commerce sales**.[2]

[1]Amazon.com [2]RBC

Case study: from books to music (1995-1998)

Contrary to books, Amazon.com was no **first-mover** in music e-retailing.
But the company went back to work and used the same cocktail:

Convenience

"most efficient song search of the web" (NYT)

Large selection

130k titles, 280 sub-genres

Low prices

up to 30 % discount on some albums

Largest online seller of music…
in 120 days!

Amazon acquired CDNow in 2002 and began operating its website   **CDNOW**

Build, buy, partner: accelerate development

Build

From time to time, Amazon simply created a new category.

In May 2011, Amazon launched MyHabit, even though VentePrivée was the market leader.

MYHABIT

Buy

When competitors are already well established, Amazon may buy out an incumbent.

Quidsi (Diapers + Soap) acquired for $540 m in 2010.

diapers.com

SOAP.com

Partner

In some vertical markets, Amazon offers its technology service and e-commerce expertise to third parties.

Co-branded webstore with Toys "R" Us.

Toys Я us

2000: exclusivity for 10 years
2006: ended by a lawsuit

Thanks to this strategy, Amazon had been able to **offer massive inventory**

Case study: why did Amazon.com buy Zappos for $1.2 bn in 2009?

Revenue	$1 bn	(2009)
Customers	11.5 m	(2009)
Female audience	**69%**	

Technology

Amazing **supply-chain and logistics** management (using autonomous robots and proprietary software)

Synergy

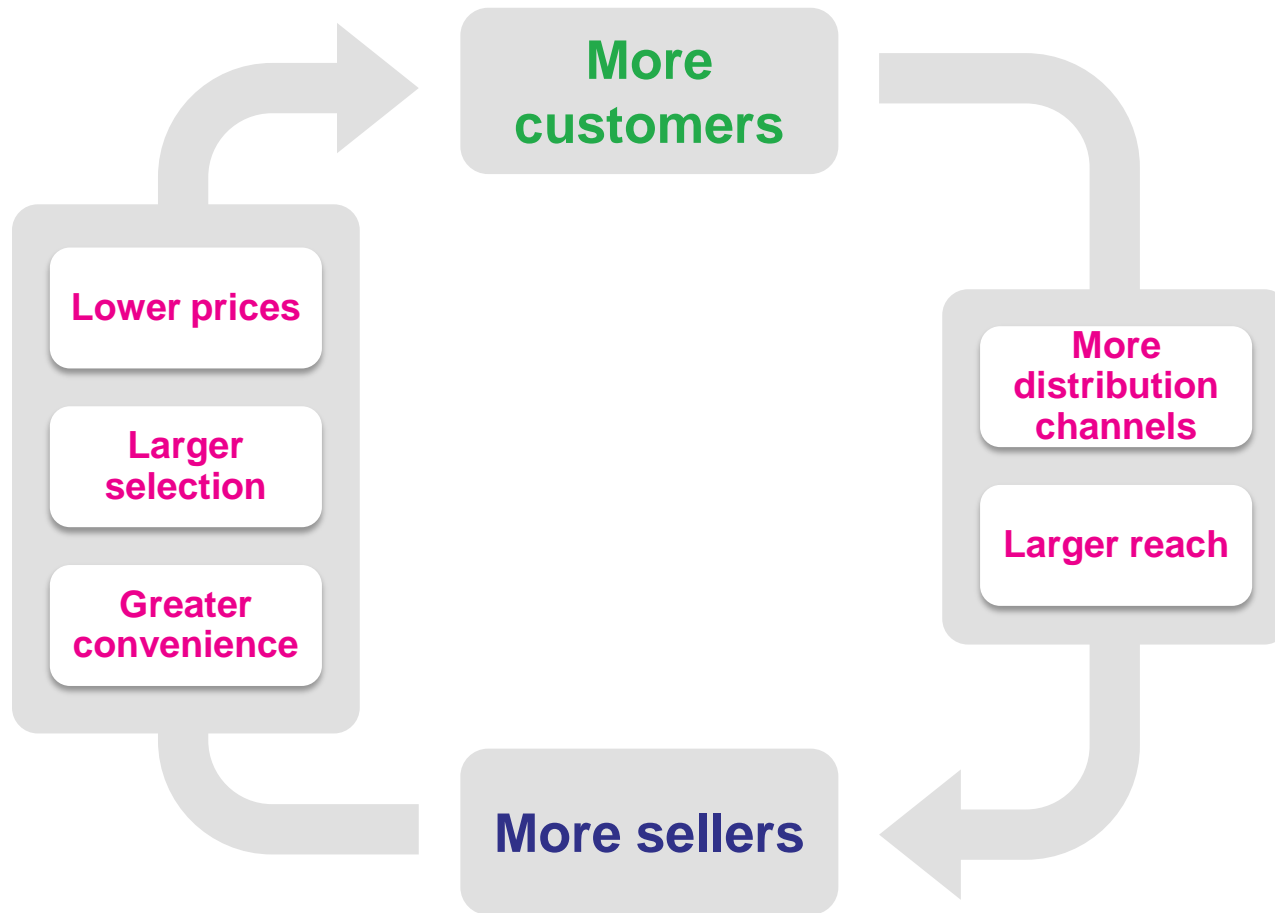Legendary customer service: **ranked #1 in 2010**[1] (dedicated customer service Twitter account)

One-of-a-kind customer-centric culture with highly skilled employees

Niche markets for 10 years before acquisition 97% of sales were apparel/footwear in 2009[2]

With Zappos, Amazon tries to reach a **new audience** (young women) and acquires **know-how**.

Gravity fuels gravity

More customers

Lower prices

Larger selection

Greater convenience

More distribution channels

Larger reach

More sellers

"Be afraid of our customers, because those are the folks who have the money. Our competitors are never going to send us money." *Jeff Bezos*

2 **CUSTOMER CARE ON STEROIDS**

Jeff Bezos delivering a package to Amazon.com's millionth customer in October 1997 (credits: Amazon.com).

Invest in customers first

"If you do build a great experience, customers tell each other about that. Word of mouth is very powerful." Jeff Bezos

Customer focus → **Frugality** → **Innovation**

"We start with the customer and work backward."

"Amazon is spending money on things that matter to customers."

"I think frugality drives innovation, just like other constraints do."

Following a bottom-up approach, every decision at Amazon is driven by the customer's needs.

Frugality is part of the company's DNA: Amazon is continually looking for ways to do things cost-effectively.

Amazon is always looking for simple solutions in order to provide lower prices to its customer.

Amazon created a **trusted, informative** and **loyal** relationship with its customers.

Data & human driven customer service

Amazon's customer service was **ranked #1 in 2009**[1] and **2011**[2]

WHY

1996: "If you make customers unhappy on the Internet, they can each tell 6,000 friends"
Jeff Bezos

- Fix customer's problems
- Identify recurring issues
- Track the behavior of merchants

Customer service is the only human-to-human interaction for an e-commerce website.

HOW

Machines "We do 90% of our customer service by e-mail rather than by telephone"
Jeff Bezos

Amazon developed its own software to manage e-mail centers.

Human

Every employee, even the CEO, spends two days every two years on the service desk to answer calls and help customers.

Customer-centric innovations: e-commerce easier than commerce

Select

- 1995: Customer reviews
- 1997: Recommendations & bundles
- 2001: Look inside the book
- 2003: Search inside the book

Order

- 1997: 1-Click Ordering

Receive

- 2001: Where's my stuff
- 2002: Free Super Saver Shipping

Amazon was a first-mover for most of e-commerce's **now ubiquitous best-practices**.

Customer centric innovations: pushing boundaries further

User experience

Very much like Google, Amazon is always innovating to improve its users' experience and make them feel at home.

1-Click ordering

Amazon Prime

Vouchers

Personalized stores

One-to-one marketing to tailor the content to the customer, help him discover new products and provide unique experiences.

"Your Recent History"

"Customers Who Bought This Item Also Bought"

Trust

Detailed and safe step-by-step buying process with A-to-Z Safe Buying Protection.
Amazon won and maintained customers' confidence.

"You can always remove it later" [from the cart]

"Shopping with us is safe"

Amazon.com implements all its consumers' hidden needs
to become **their first destination** when thinking of buying online.

Case study: 1-Click Ordering is the easiest way to buy

Conversion funnel

amazon.com   SIGN IN   SHIPPING & PAYMENT   GIFT-WRAP   PLACE ORDER

Each step of the funnel carries a risk to lose potential customers and lead to shopping cart abandonments.

Conversion optimization

Amazon monitored each step to improve its conversion rate, a tactic that is now pervasive in the industry.

1-Click Ordering

- Patented in 1997, and licensed to Apple in 2000
- Allows to bypass the shopping cart: it's only one step!
- Increased Amazon's conversion rate

With 1-Click, Amazon revolutionized the buying process by **taking convenience to extremes**.

International: sky's the limit?

1. Amazon exported its U.S. model and established subsidiaries to six countries:

United Kingdom	1998
Germany	1998
France	2000
Japan	2000
Canada	2002
China	2004
Italy	2010

2. Each subsidiary subsequently started to reference new categories one after another
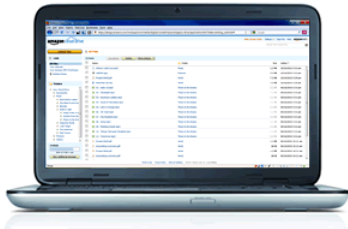
International vs U.S. net sales
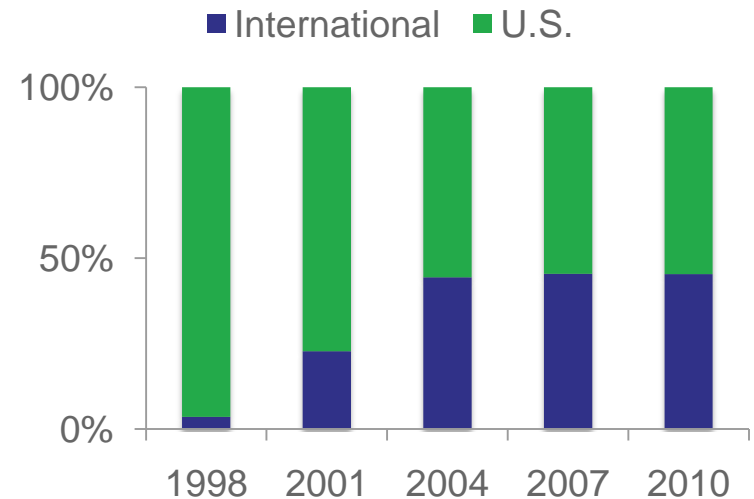
Contrary to Walmart, which failed to enter the German and South Korean markets, Amazon's international expansion has been **successful**.

Case study: how mobile devices promote Amazon.com's ubiquity

From home

Everywhere
(even from a brick & mortar shop)

Full experience

Main source for referencing products (books, music, movies)

Associates advertise Amazon's products on other sites.

Handy

Comparison pricing with barcode scanning from Amazon PriceCheck

Entertainment

New way to navigate through products with Amazon Windowshop App

Opportunities

Amazon Payments is exploring NFC Payments to develop m-commerce

Amazon created a **seamless & integrated shopping experience**.

Assuming there's no sales tax and free shipping,
Amazon is significantly **cheaper** than its competitors

$100 amazon.com

$106 ebaY

$119 Walmart

$128 TARGET

$130 Specialty retailer
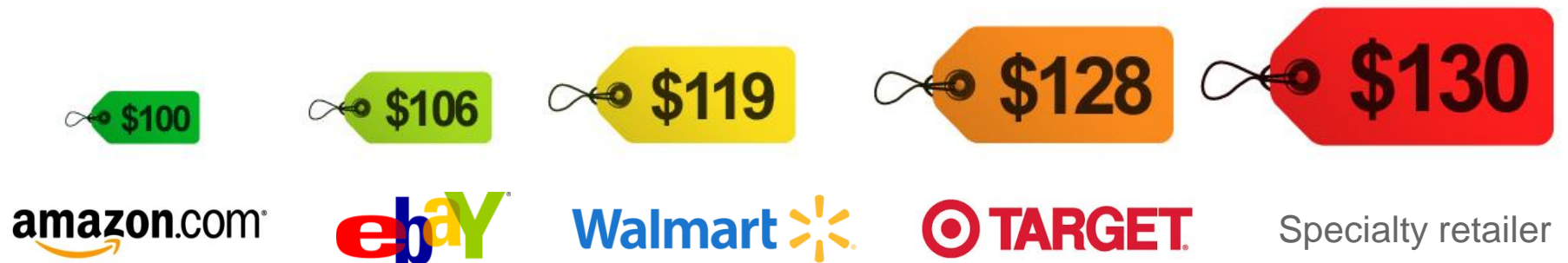
Amazon can really push the loss leader tactic to its end.

3 **HIGH MARGIN, LOWEST PRICES**

Logistics, Amazon's secret recipe

"None of these things are visible on the website, but they lead to a much better customer experience and a lower cost structure" Jeff Bezos

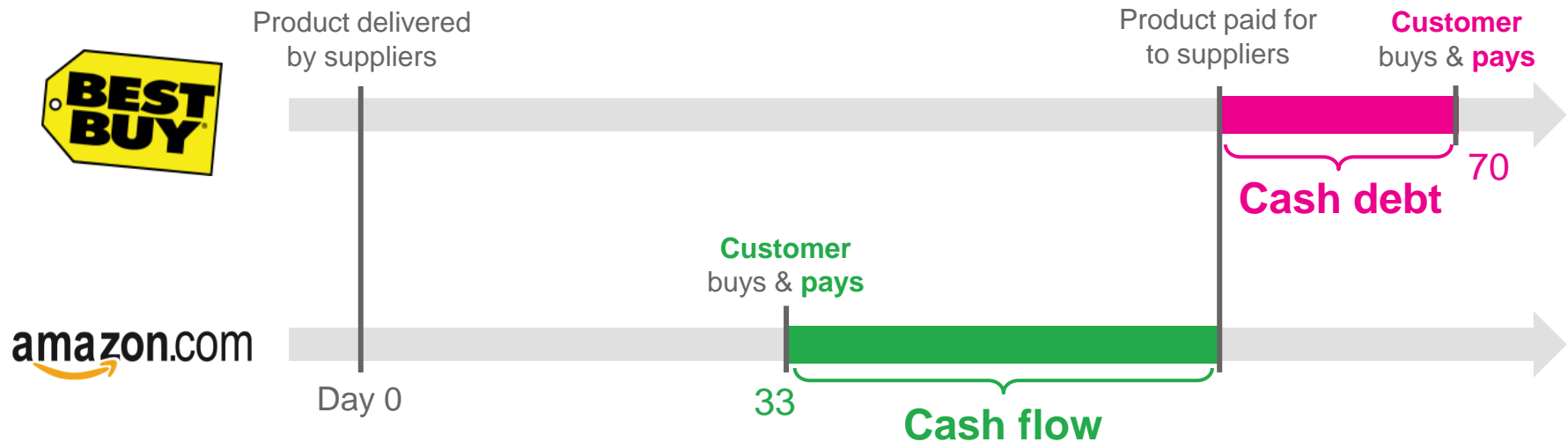As a pure-player, Amazon leverages its digital advantage to **optimize its supply chain**.

Customers

amazon.com

Automatically chooses the cheapest origin for the customer's order **in real-time**.

It will re-optimize it based on the other customers' orders.

Amazon warehouse

Fast moving items are stored in all the FCs (fulfillment center).

Hard-to-find items are kept in small quantities in one or two FCs.

Amazon warehouse

Easily movable items (e.g. media) are stored in highly automated facilities.

Extensive use of tracking

Third-party seller

Drop shipping: when applicable, Amazon provides packages and asks the supplier to ship the product himself .

Third-party sellers follow the same principle, which increases margins.

Digital = cash flow = low prices

On average, a product stays: **70 days** on Best Buy's shelf
33 days on Amazon's one

BEST BUY

Product delivered
by suppliers

Product paid for
to suppliers

Customer
buys & **pays**

Cash debt

70

amazon.com

Customer
buys & **pays**

Day 0

33

Cash flow

Leveraging its high positive cash flow, Amazon is able to maximize margins
and **beat all other retailers** when it comes to pricing.

1996: Barnes & Noble signs a deal with America Online to become its exclusive Bookseller
1997: Amazon slashes prices up to 40 % on its best-selling prices and doubles its inventory to 2.5 m

Case study: delegating the Long Tail

In 2000, Amazon launched its Marketplace: it allowed third-party sellers to **sell and reference their products** side-by-side with Amazon's items.

Amazon Marketplace represents 33% of total units shipped[1] by Amazon and 2 m sellers worldwide[2].

Better stock management

Amazon leverages its third-party sellers:

1. Best-selling products are kept in stock by Amazon
2. Long-tail items are provided by third-party sellers

Self-improving: Amazon can quickly identify new top selling items because all sales go through the platform.

Lower prices

Increasing competition between sellers and offering second-hand items let Amazon reinforce its ability to provide lower prices.

Ten years ago, experts thought Amazon was crazy to cannibalize its own sales. However, it was a way to **offer Long Tail items at lower cost**.

Financing margin optimization

Amazon.com lost a staggering **$3 bn** between 1995 and 2003

(IPO)
1997

2003

Profit (Millions)

-200

-600

2000: "We were hoping to build a small, profitable company, and […] what we've done is build a large, unprofitable company"
Jeff Bezos

-1 000

-1 400
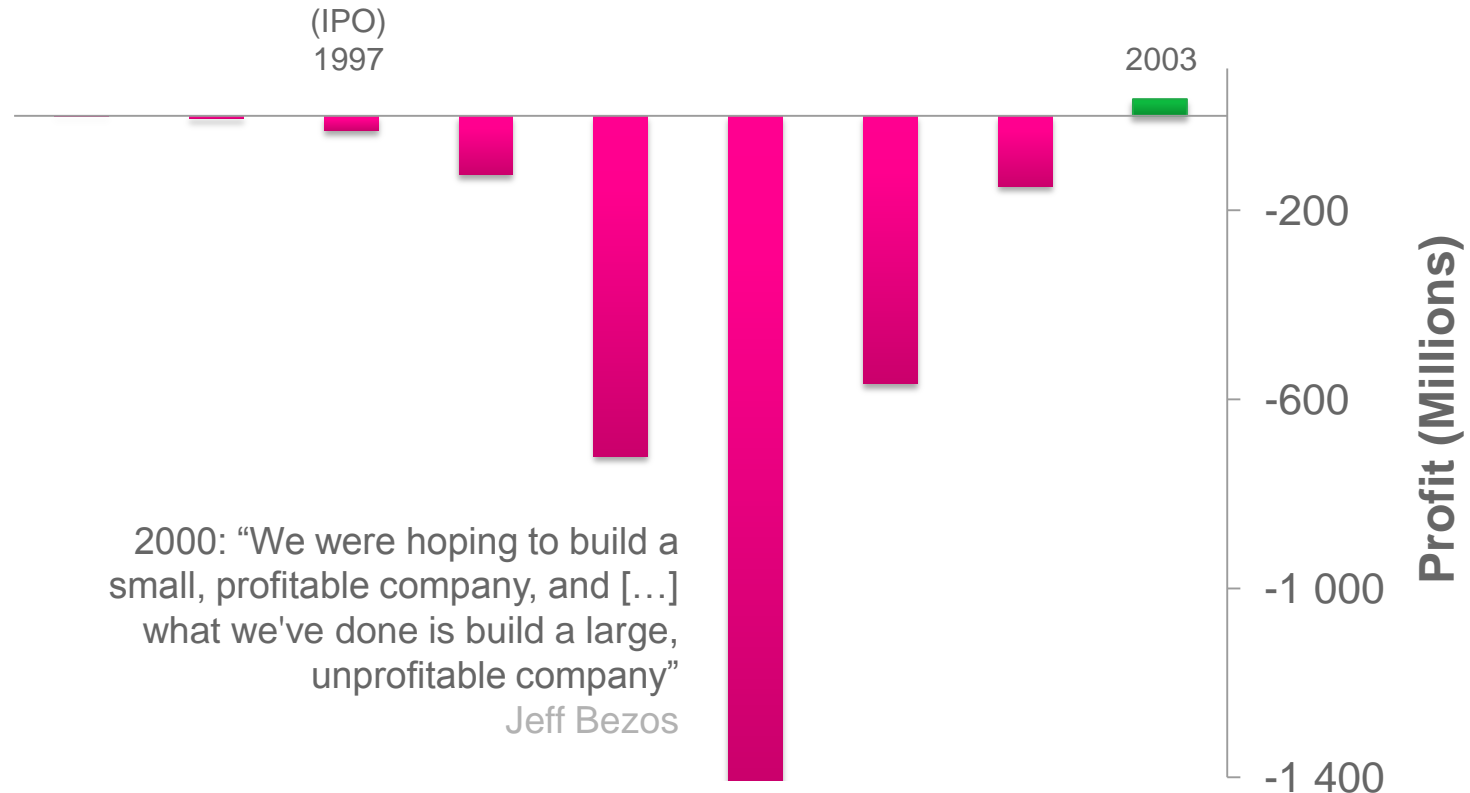
- By going public in 1997, Amazon acknowledged that **only the stock market** would be able to provide the kind of financing it was looking for.
- Thanks to ever improving business metrics, **investors' trust remained** and was instrumental in helping Amazon's development.

A data-driven company

Amazon pioneered **A/B testing** in 1997.

"Online, we can show half of our customers one thing and half of customers another, and very quickly get some results back on how people actually behave." Jeff Bezos

BARNES&NOBLE
BOOKSELLERS
(in weeks)

amazon.com
(in seconds)

In 2001, for the first time in its history, Amazon implemented a **software to measure its costs for each shipped product**.

C.R.A.P.

As a result, Amazon started dereferencing its so-called CRAP (Can't Realize Any Profit) products.

In 2000, Jeff Bezos discovered it took 15 minutes to pack a best-selling $25 folding chair, which obliterated the margin.

He then negotiated with the manufacturer, who agreed to send it pre-packaged for ¢25.

Sharing cost centers

Amazon.com brand

Amazon was one of the pioneers of online affiliation marketing[1] leveraging its brand.

Amazon Associates is "Tupperware party on steroids" Forrester's Chris Charron

Fulfillment

With FBA (Fulfillment by Amazon), sellers lets Amazon handle their logistics.

It includes storage, packaging, shipping and customer service.

Computing resources

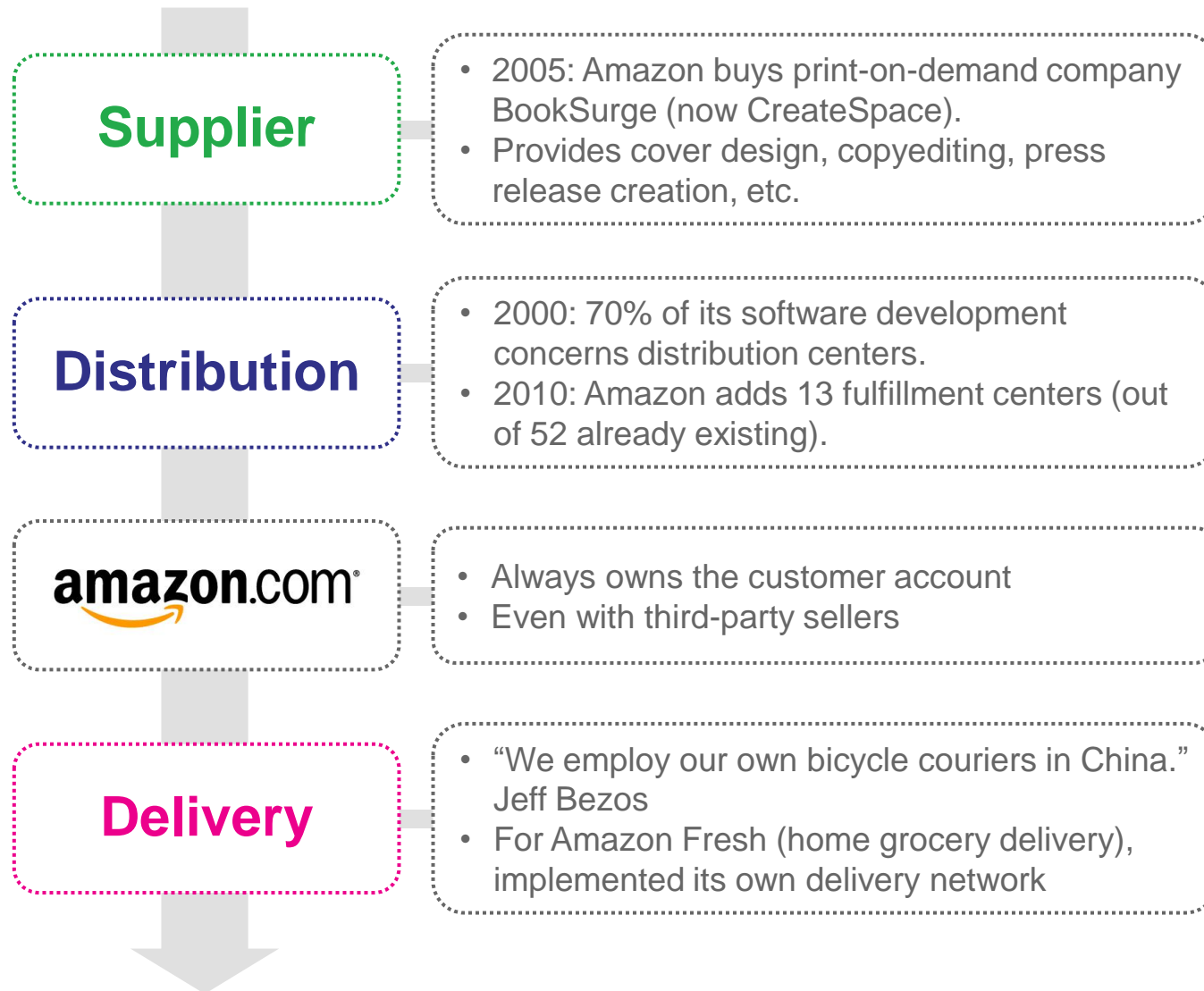S3 (file storage) and EC2 (compute capacity) launched in 2006.

Amazon monetized its know-how in scalability and reliability.

[1]Affiliation is a sales technique in which a website gets paid to promote Amazon.com's products.

Insourcing the value chain

Supplier

- 2005: Amazon buys print-on-demand company BookSurge (now CreateSpace).
- Provides cover design, copyediting, press release creation, etc.

Distribution

- 2000: 70% of its software development concerns distribution centers.
- 2010: Amazon adds 13 fulfillment centers (out of 52 already existing).

amazon.com®

- Always owns the customer account
- Even with third-party sellers

Delivery

- "We employ our own bicycle couriers in China." Jeff Bezos
- For Amazon Fresh (home grocery delivery), implemented its own delivery network

Case study: circumventing distributers (1997)

1995: Jeff Bezos chooses **Seattle** to establish its headquarters.

Seattle is about a six-hour drive from Roseburg, Oregon; where the leading book distributor Ingram runs the largest distribution center in the USA.

Publishers ⟩ Distributors ⟩ Amazon.com ⟩ Fulfillers

1997: to **reduce variable costs**, Amazon starts to circumvent distributers.

Negotiating with publishers

Building a warehouse

Hiring Walmart executives

Publishers ⟩ **Amazon.com** ⟩ Fulfillers

Next step: digital cultural goods market

While the ebook market is expected to grow by more than **300%**[1] by 2015, the printed books market will shrink by **4.7%**

US consumers will spend more on **online** music than on **recorded** music by 2012[2].

US DVD sales plunged **20%** in Q1 2011[3], while streaming and subscription services (including Netflix) rose **33%**.

With **43%** of its sales coming from media, **Amazon's vision is at risk** would it fail to rule over the digital goods market.

Digital goods further improve margins

Value chain

Because there are fewer intermediaries, Amazon can take a larger share in the digital retail price.

Creative destruction: Amazon will be able to sell additional services to content producers.

Inventory

With PoD (Print on Demand) and digital storage, inventory costs become negligible.

Amazon will circumvent distributors but also publishers to directly reach authors.

No shipping

Amazon makes some products free to attract new customers.

One free app per day on Amazon App Store, free 5 GB on Amazon Cloud Drive…

Operating margin in 2010

	4%	22%	28%	35%
	Amazon	eBay	Apple	Google
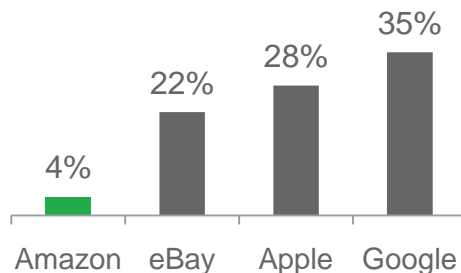
- Amazon's global operating margins remain very low
- Amazon's sales ($34 bn) still represent a drop in Walmart's bucket ($422 bn), which is now a strong player in the e-retail market

Digital goods domination underway?

In each digital market, Amazon fights for monopoly.

Market leadership

audible.com

amazonkindle

amazonMP3

Amazon Instant Video

Software Downloads

amazonappstore

New entry

Mature business

Customer accounts

Amazon's main strength lies in its ability to control the cash register.

A trusted relationship is a competitive asset

Amazon's primary challenge was to **acquire its customers' confidence**

Number of customers (millions)

137

41

1

1997   2004   2011
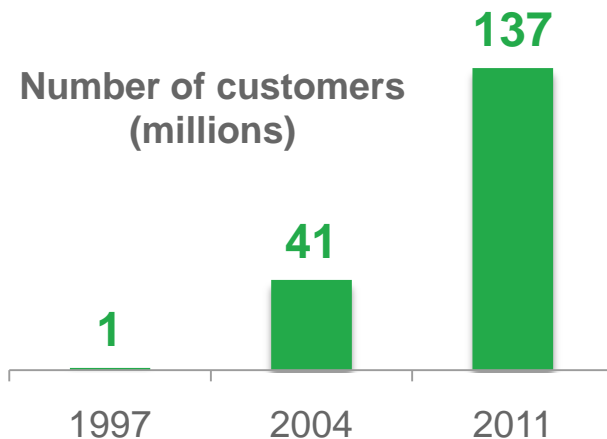
Amazon benefits from a loyal customer base: **2/3** of the sales comes from **returning customers**

"Commerce is the simple find it, buy it, ship it action.
E-merchandising is much more about **customer behavior online**"
Jeff Bezos (1998)

Opportunity: digital shuffles the payments market

amazonpayments

200 m

137 m

94 m

20 m

Apple Amazon Paypal Netflix

Number of customer accounts
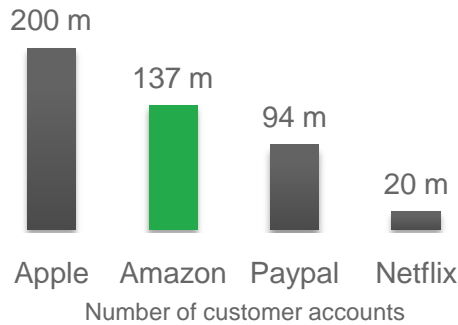
Establishing barriers to entry

Market players need to acquire customers accounts very quickly. **Barriers to entry** are being built up: new entrants will have to support incumbent's payment method.

2007: Amazon launches Amazon Payments to directly compete with PayPal

Positioning in the payments market

Worldwide payments represented $600 bn of revenues (and $331 *trillions* in value[1]) in 2010.

Mobile payments are expected to **quadruple** by 2014, reaching $630 bn in value[2].

Customer loyalty: 3 main approaches

Recurring usage

Recurring usage captivates users' attention.

Facebook tries to leverage it to invade other markets (streaming with Warner Bros, Facebook Credits)

Seamless integration

Vertical integration creates a consistent experience that is very appealing (*halo effect*).

It may require building its own device (Kindle and iPod).

Lock-in

Lock-in occurs when circumstances prevent users from leaving a platform.

DRM makes it extremely difficult for users to read their ebooks on another platform.

Short term advantage
Low constraint

Long lasting advantage
High constraint

Amazon uses all three approaches:
1 **recurring usage**

Why are sellers still using Amazon?

Sellers

$

- Nonsense to ignore Amazon's 137 m customers
- Profit from a reliable and optimized technology
- It takes time to develop as trusted a brand as Amazon's (Amazon is the leading retail brand, *before* Walmart[1])

amazon.com

How is Amazon increasing recurring usage?

Customers

- Creating ecosystems (Kindle and rumored tablet)
- Storing users' media library (Instant Video, Kindle)
- Special offers every day (Amazon Video on Demand)
- Ever-changing personalized store

[1]Brandz (2011). Icons from Ahasoft.

Amazon uses all three approaches:
2 seamless integration

How does Amazon integrate sellers?

Sellers

- Monitor seller ratings posted by customers
- Expel sellers with bad ratings to ensure quality and protect the Amazon brand
- Offer its Fulfillment by Amazon program to further improve the customer experience

amazon.com®

How is the user experience vertically integrated?

Customers

- From the customer point-of-view, sellers are fairly invisible and commoditized
- On most products, customers can profit from Amazon Prime and Free Super Saver Shipping

Amazon uses all three approaches:

(3) lock-in

How are sellers locked in?

Your Customers are Amazon Customers

Sellers

- As Amazon puts it, their customers are in fact Amazon's customers.
- Third party sellers do not own the customer accounts. Thus their position is very risky.
- The more business they generate through the Amazon marketplace, the more complicated it will become to ensure the same level of customer experience (building infrastructure, customer service…).

amazon.com

How are customers locked in?

amazonkindle

amazonappstore

Customers

- Digital content: Kindle ebooks proprietary format
- Amazon Prime program: annual subscription to get free 2-day shipping

The big picture: an app store model

Commoditized sellers

amazonkindle
amazon.com®
amazonappstore
amazonMP3

Amazon.com aims at being the only place where you discover and buy goods (digital & physical)

Multiple entry points:

- Affiliation
- Mobile apps

Digital engine #3
Ecosystem

In the end, Amazon is building an ecosystem to achieve digital supremacy, just like Apple & Google.

Success is "how well we defy easy analogy"
Jeff Bezos

The Kindle is a service, *not a device.*
"Amazon's iTunes" is made to acquire customers and build up an ecosystem.

THE KINDLE ECOSYSTEM

A device dedicated to reading
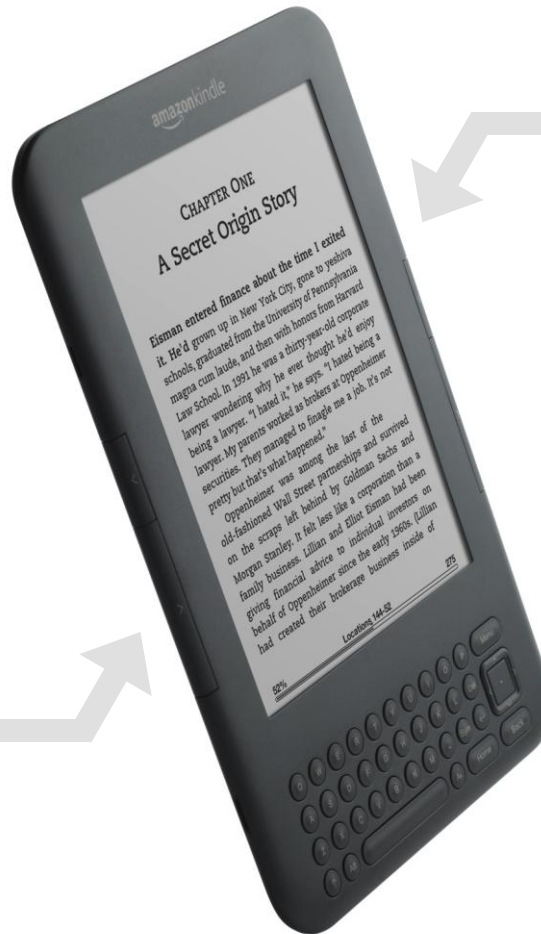
Optimized for readers

Even if it's a minor object, the Kindle substantially disrupts our reading experience with:

- 3G access to the Kindle Store
- E-ink reflective screen causing no eyestrains
- 1 month battery life

À la Braun design

With an unobtrusive design, the Kindle blends into readers' hands.

Instead of trying to replace the printed book or the iPad, the Kindle device is focusing on a few very differentiated features, dedicated to **the reading experience**.

A service, not a device

> "The vision for Kindle is *every* book *ever* in print in *any* language – all available in *less than* 60 seconds." Jeff Bezos

Amazon struggles with **publishers** to implement its vision:

- Lowering prices, even if it requires temporarily selling at a loss
- Increasing selection: 900,000 books available
- Pressuring them with Print on Demand and auto-publishing

Like iTunes, it is a seamlessly integrated ecosystem. Amazon wants to become a **one-stop shop**:

- Kindle's 3G chip
- Access to the ebook catalog through the Kindle or the apps

Even if the Kindle is the best device to read for a long time, it is more of a **platform** than a device:

- A device-agnostic experience thanks to mobile and desktop application (Whispersync[1])
- A streamlined interface and user experience dedicated to reading on many devices

[1]Whispersync enables a seamless synchronization of the reading progress and bookmarks across devices. Icons from Oxygen.

An entry point to harness the market

Sony Librié

Amazon Kindle

Barnes & Noble Nook
Cybook Opus

Kobo eReader

2004

2007

2009

2010

Ebooks sales:
microscopic

6% of Amazon's
book units sold[1]

115 ebooks sold for
every 100 paperbacks[2]

Staying ahead of retailers

Books are Amazon's DNA.

To demonstrate its resolve, it needed to push its digital advantage to its end:

- **Digital distribution**: every book available in less than 60 seconds
- **Value chain**: Amazon now integrates retail and distribution

Harnessing the market

"We've been selling e-Books for ten years, but we needed an **electron microscope** to find the sales. […]

Three years ago we said, 'Look, what we need to do is **create** a perfect, integrated, streamlined **customer experience** all the way through.'" Jeff Bezos (2008)

"[And] if we can get other devices to also be able to buy Kindle books, that's great."[3]

Creating an ebooks ecosystem

Now that Amazon has reached a critical mass,
it is trying to create an ecosystem to increase its footprint.

Towards users

- massive selection
- great device
- low prices

Towards authors

Higher royalty share
(35% or 75%)

kindle direct publishing

Customer loyalty

Kindle owners buy
70% more books than prior
to owning the device[1].

Kindle v4

Even if Amazon faces strong competition from the iPad,
it will **never** compromise on the **long-form reading** experience.

Color screen

The Mirasol technology delivers color and video.

Shopping

Users can subscribe to book categories

amazon cloud drive

amazon web services™

Store your music, videos, photos, files
Rent a hard drive in the cloud

5 GB free, then $1 per GB per year[1]

EC2 (Elastic Compute Cloud)
Rent a virtual computer: from $0.02 per hour[1]

S3 (Simple Storage Service)
Rent a virtual hard disk: about $0.01 per GB[1]

MT (Mechanical Turk)
Rent human brains ("artificial artificial intelligence")

Even though AWS is primarily a B2B offer, the Amazon cloud will ultimately be geared toward end-users.

CLOUD: THE ULTIMATE DELIVERY CENTER

[1]These are simplified rates, other rates (including data transfer, requests…) apply. See the AWS website for more information.

Cloud computing drives innovation

Entrepreneurs won't be able to launch new products and services without the cloud:

Security
Users want a guaranteed level of security.

SaaS
Offers great value to end-users.

Scalable
Grow efficiently and reliably.

Cheaper
No initial or overhead costs

Flexible
Pay-as-you go Ramp up quickly

Reliable
Data storage
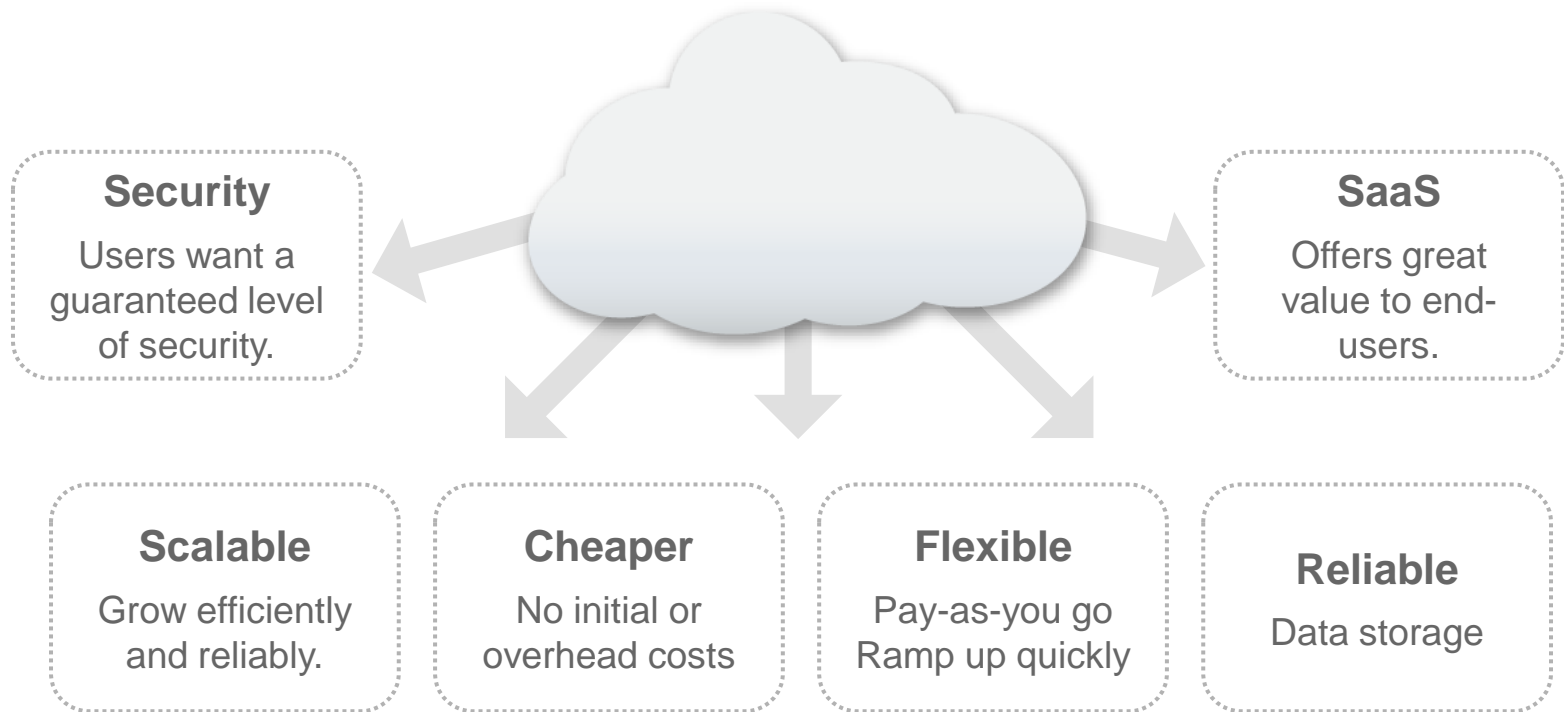
Cloud computing lets developers & companies **focus on their core offer**.

SaaS: software as a service

First step: develop a comprehensive B2B offer

Developers needed a reliable and scalable architecture available as an on-demand service.

Seeing that there was a short-term strategic opportunity,
Amazon was a **first-mover** in the cloud computing market

"It was never a matter of selling excess capacity"
Werner Vogels, CTO Amazon.com

Cloud computing monetizes Amazon's know-how in scalability and reliability. This business is expected to become even bigger than its retail activities.

AWS slowly emerges as the most fully-fledged platform,
and is becoming the *de facto* standard.

2006	2007	2008	2010
amazon webservices™ EC2, S3	heroku	Google app engine	Windows Azure

Next step: the personal cloud

In a digital content paradigm, the **base foundation is the cloud**.
Amazon is building up its expertise thanks to its AWS offer.

Devices (hardware and software) are commoditized
(Amazon Cloud Player already works on iOS devices[1]).

[1]TechCrunch

Amazon cloud's long-term strategy focuses on B2C

1 Cloud encompasses infrastructure (uphill) and usage (downhill)

Cloud infrastructure
Google can boast as much experience in *cloud technologies*

+

Consumer usage
Apple's *digital content* approach is strong

2 Amazon is approaching the market with a two-fold strategy

amazon web services™

The **B2C cloud market** will flourish thanks to pervasive fiber and wireless connectivity.

amazon cloud drive

amazon kindle   amazon MP3

amazon appstore

3 By introducing new devices, Amazon reaches more customers

Kindle

Amazon Media Center

Amazon Tablet

Four future products to show where Amazon is heading…

AMAZON IN 2020

amazon
Publishing Platform

1.

Upload your book

| Browse |

2.

Choose your distribution

☑ Amazon Print on Demand
☐ Amazon Kindle
☐ Amazon Tablet

3.

Choose your features

☑ Proofreading ($25)
☐ Coverdesign ($25)
☐ Reviewing ($25)
☑ Marketing ($25)

4.

Publish
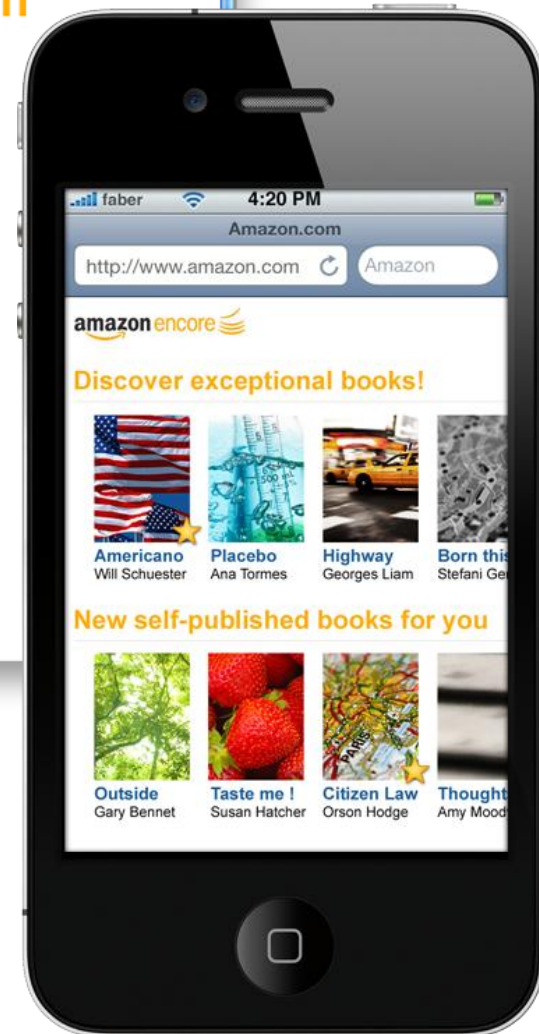
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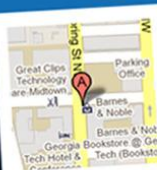
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amazon Universal Media Center

My Movies

Pirates of the Caribbean: Dead Man's Chest

Take the first Pirates of the Caribbean film, add a dash of 20,000 Leagues Under the Sea and a lot more rum. Shake well and you'll have something resembling Dead Man's Chest, a ...

Get yourself a little something

Wall-E

👍 Like

faberNovel likes **Wall-E**
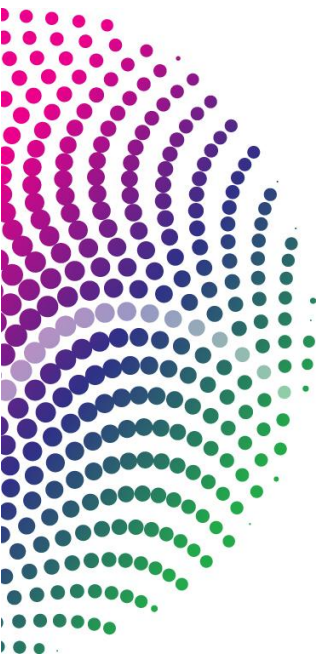
Annexes

How to use this document?

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