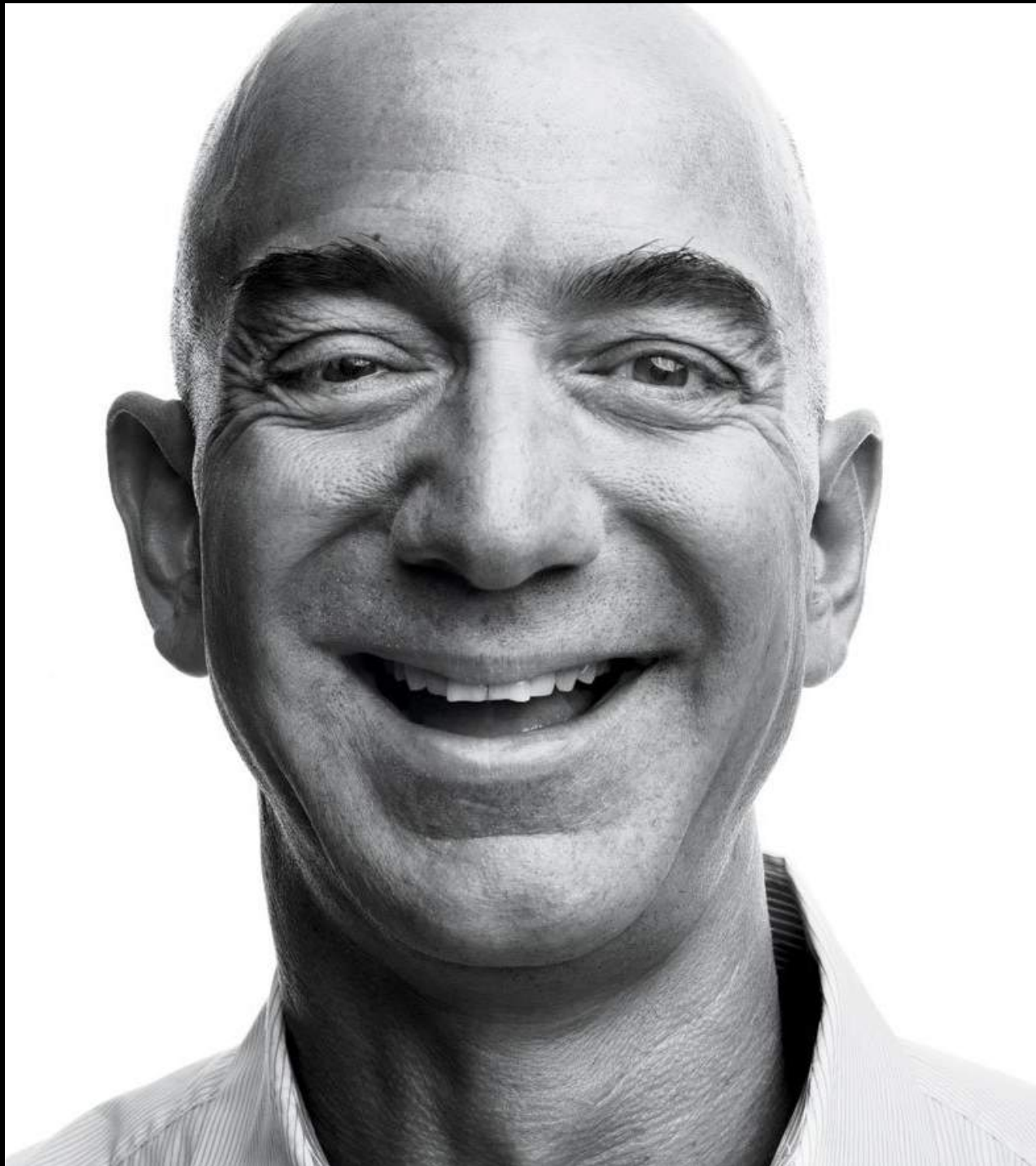


How we think about innovation at Amazon

Shayan Sanyal,
Senior Startup Business Development Manager, AWS



“Invention comes in many forms and at many scales. The most radical and transformative of inventions are often those that **empower others** to unleash their creativity—to pursue their dreams.”

Jeff Bezos

Founder and CEO
Amazon.com, Inc.

1997 letter to shareholders



To our shareholders:

Amazon.com passed many milestones in 1997: by year-end, we had served more than 1.5 million customers, yielding 838% revenue growth to \$147.8 million, and extended our market leadership despite aggressive competitive entry.

But **this is Day 1 for the Internet** and, if we execute well, for Amazon.com. Today, online commerce saves customers money and precious time. Tomorrow, through personalization, online commerce will accelerate the very process of discovery. Amazon.com uses the Internet to create real value for its customers and, by doing so, hopes to create an enduring franchise, even in established and large markets.

Amazon started with books...



A hand holds a tablet displaying the Amazon Books app interface. The screen shows a grid of book covers, including titles like 'Wolf Hall' and 'The Faith Instinct'. The background is a dense bookshelf filled with various books, including titles like 'SLEIGH', 'Listen, White!', 'ANGST', 'DESIGN IN NATURE', 'UNSCIENTIFIC AMERICA', 'VOLCANO', 'WATERFALL', and 'SUSTAINABILITY'. The AWS and Intel logos are visible in the bottom right corner.

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But its innovation has expanded to many domains...



Drone development



Video streaming



Kindle reader



**Home
entertainment**



Grocery delivery



Advanced shopping



Home automation



Cloud computing

Our mission

We want to be Earth's most
customer-centric company

Our commitment

We make our customers' lives
easier

Where innovation begins

We start with the customer
and work backwards

Innovation at Amazon: Early fulfillment centers



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Eighth-generation fulfillment centers

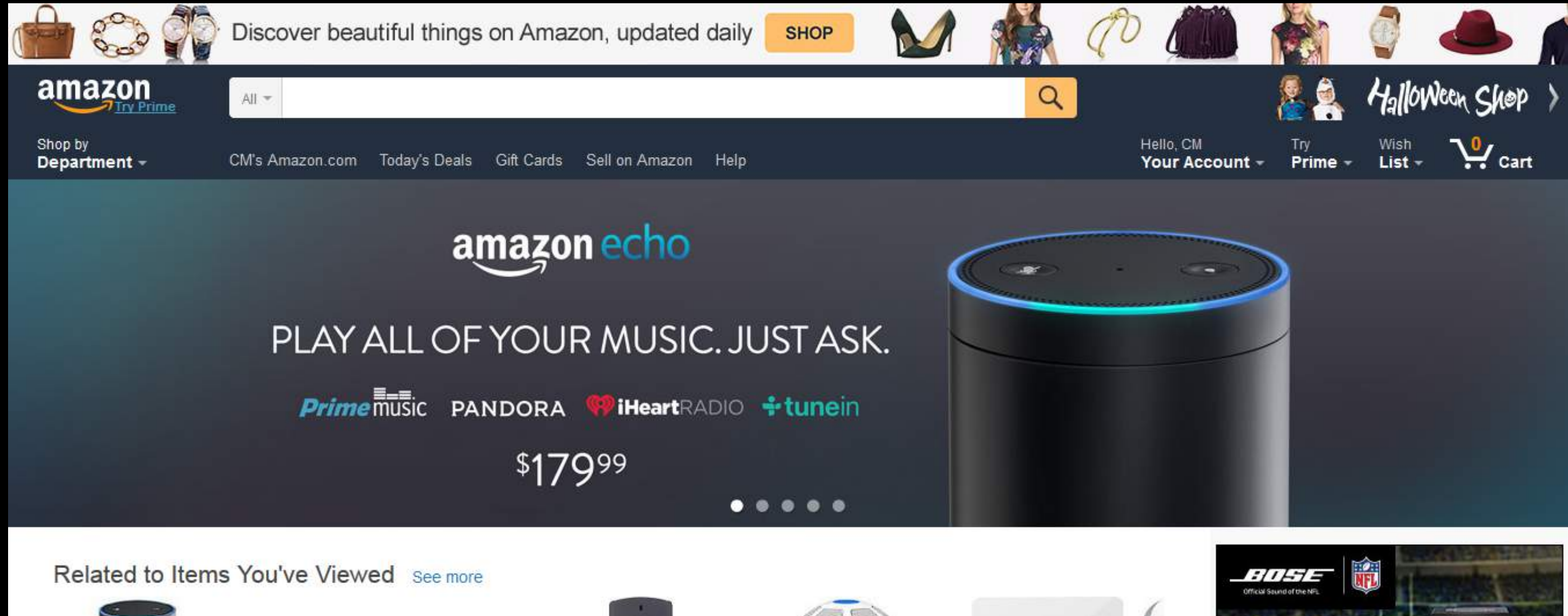


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Kiva robots



From monolithic to microservices



Amazon Go



Our culture of innovation

Customer obsession

"Start every process with the customer and work backwards."

Long-term thinking

"Be stubborn on the vision but flexible on the details."

If you want to be inventive, you have to be willing to fail

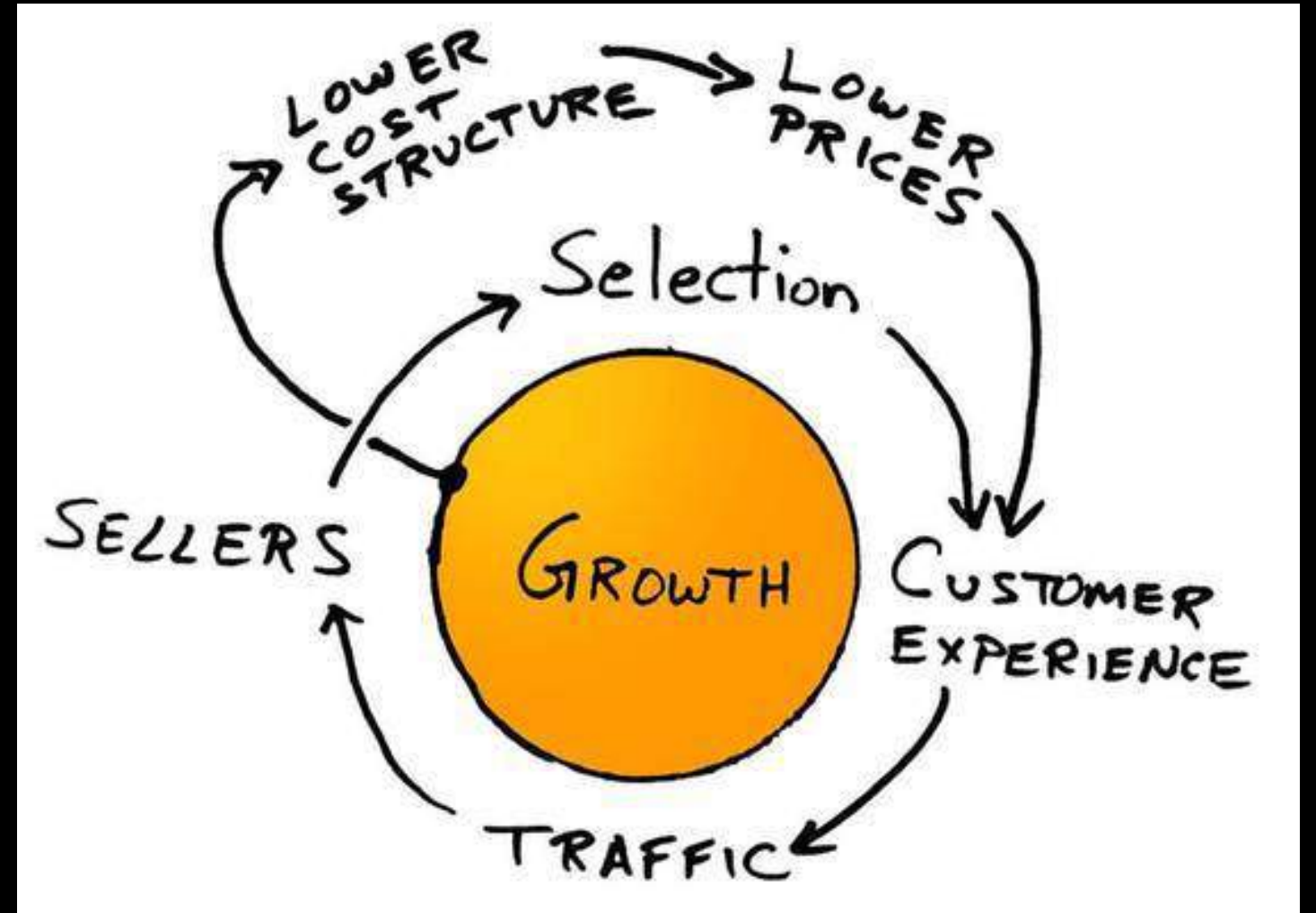
"We like to go down dark alleys and see what's on the other side."

You have to be willing to be misunderstood for a long time

"We are very comfortable being misunderstood."

Amazon's growth flywheel

Value
Selection
Convenience





**Free Premium
Shipping**

2007



Prime Video

Streaming of more than
15,000 movies
and TV episodes

Prime Photos

Premium Access
to Amazon BuyVIP

2014



Prime Music

Streaming of more than
2 million songs – ad-free

Amazon Pantry

Everyday essentials in a box

**Premium Access
to top offers**

30-minutes early access
to Lightning Deals

**Free
Same-Day Delivery**

2015



Prime Now

Delivery within one hour!

**Free
Same-Day Delivery**

Twitch Prime

exclusive discount on video
games, free in-game content
and ad-free viewing on Twitch,
plus loads more

2016

Example: Amazon Flex for Prime Now

- Evolving Prime Now to be more agile and provide more value
- Amazon Flex



amazon FLEX

Great money. Great flexibility.
Deliver with Amazon

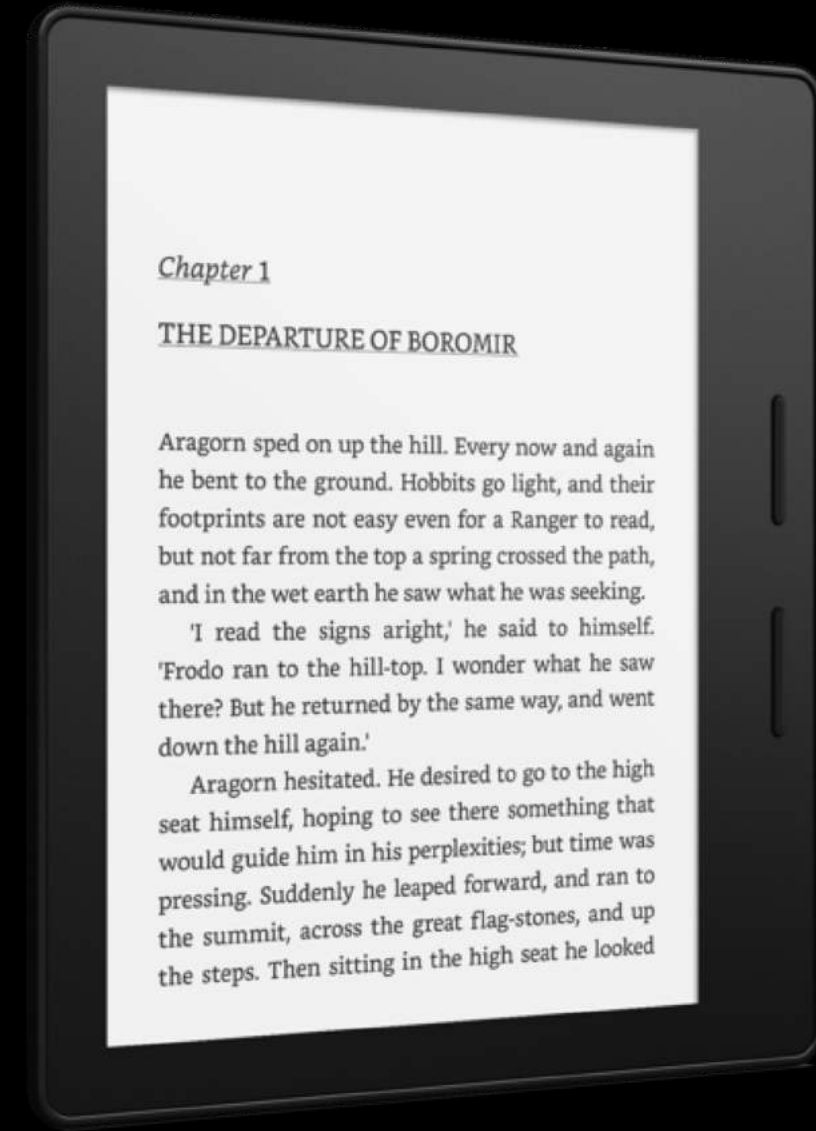
[Watch video](#)

Make \$18-\$25/hour

Be your own boss, set your own schedule, and have more time to pursue your goals and dreams. Join us and put the power of Amazon behind you.

Stubborn on the vision
But flexible on the details

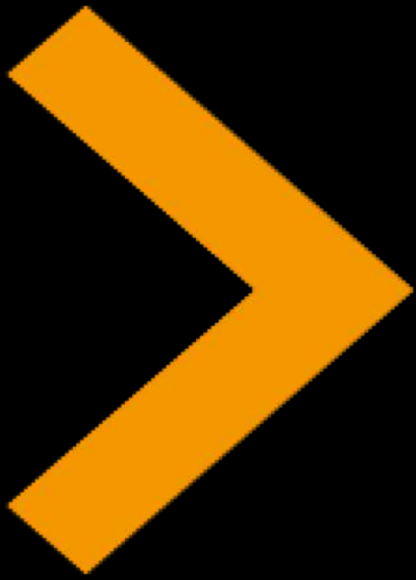
Example: Amazon Kindle



**Willingness to be
misunderstood**

For long periods of time

Example: AWS



TECH FORTUNE 500 See the Fortune 500 list

Amazon Continues to Impress Wall Street Thanks to Cloud and Prime

by Reuters JULY 28, 2016, 4:17 PM EDT

One of Amazon's Fastest-Growing Businesses Has Nothing to Do With Prime Day

Amazon Web Services has become a financial juggernaut, bringing in \$2.6 billion in revenue during the first quarter.

 Brian Sozzi [Follow](#) Jul 12, 2016 8:00 AM EDT



How do we organize for innovation?

Mechanisms

Working-backwards process

PR/FAQ

User interaction & manual

Architecture

Microservices architectures

Loosely coupled applications

Self-service platforms—no gatekeepers

Culture

Our people: We hire builders, innovators, entrepreneurs

Our beliefs: Amazon Leadership Principles

Organization

Experimentation

Two-pizza teams

Working from the customer backwards

Working Backwards Questions

- Who is the **customer**?
- What is the customer problem or **opportunity**?
- Is the most important customer **benefit** clear?
- How do you know what customers **need** or **want**?
- What does the customer **experience** look like?

Introducing Amazon Kindle

Revolutionary Portable Reader Lets Customers Wirelessly Download Books in Less Than a Minute and Automatically Receive Newspapers, Magazines and Blog. No PC Required, No Hunting for Wi-Fi Hot Spots

SEATTLE (BUSINESS WIRE) – Nov. 19, 2007 – Amazon (NASDAQ: AMZN) today introduced Amazon Kindle, a revolutionary portable reader that wirelessly downloads books, blogs, magazines and newspapers to a crisp, high-resolution electronic paper display that looks and reads like real paper, even in bright sunlight. More than 90,000 books are now available in the Kindle Store, including 101 of 112 current New York Times Best Sellers and New Releases, which are \$9.99, unless marked otherwise. Kindle is available starting today for \$399 at <http://amazon.com/kindle>.

"We've been working on Kindle for more than three years. Our top design objective was for Kindle to disappear in your hands -- to get out of the way -- so you can enjoy your reading," said Jeff Bezos, Amazon.com Founder and CEO. "We also wanted to go beyond the physical book. Kindle is wireless, so whether you're lying in bed or riding a train, you can think of a book, and have it in less than 60 seconds. No computer is needed -- you do your shopping directly from the device. We're excited to make Kindle available today."

Write the FAQ

- Include both Customer FAQs and Stakeholder FAQs
- Include the hard questions
- Share your press release early to gather questions

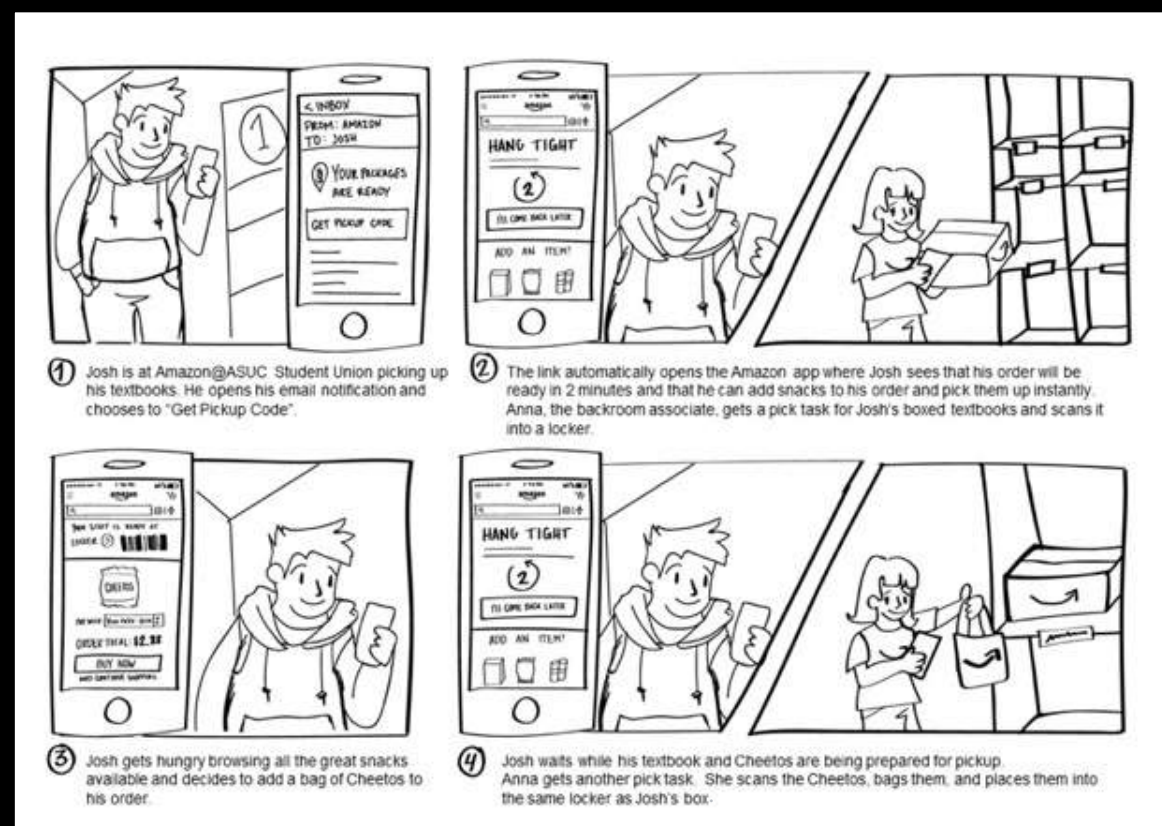
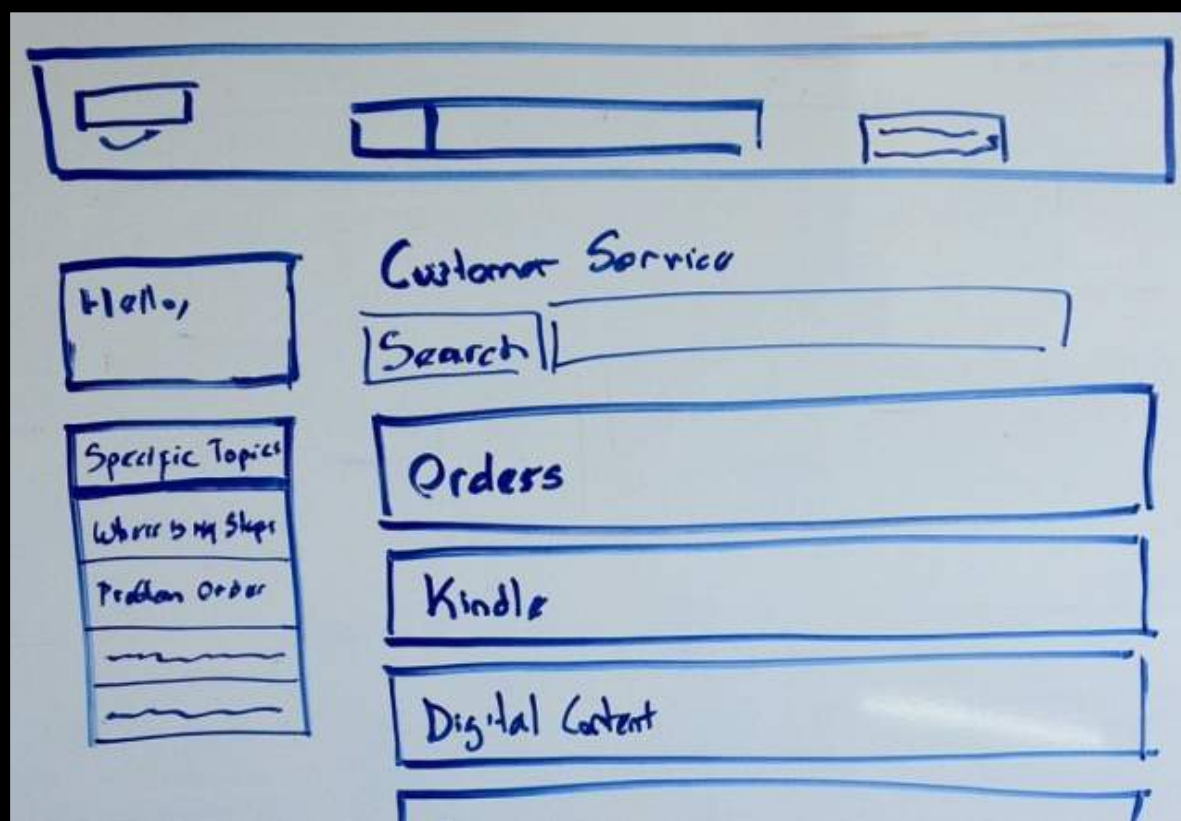
Customer FAQs - Customers ask the best questions because they are fundamental to any experience:

How much will this cost?
What type of support will I get?
Where can I find this?
How do I cancel this?

Stakeholder FAQs - What will your VP, partner teams, and internal Amazon resources ask about your idea?

What is the underlying technology?
What will customers be most disappointed about in your initial release?
How does this impact current systems?
What is the business impact?
How do we know what the customer needs?
How can we launch this more quickly?
What is provoking the most internal debate?

Define the user interaction and write the manual



How do we organize for innovation?

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Experimentation
Two-pizza teams

Self-service platforms without gatekeepers

“We are creating powerful **self-service platforms** that allow thousands of people to **boldly experiment** and accomplish things that would otherwise be impossible or impractical.”



Most fully featured technology infrastructure platform



How do we organize for innovation?

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Everyone of us
is a leader on
our mission



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2015 letter to shareholders



To our shareowners:

This year, Amazon became the fastest company ever to reach \$100 billion in annual sales. Also this year, Amazon Web Services is reaching \$10 billion in annual sales....

One area where I think we are especially distinctive is failure. I believe we are the **best place in the world to fail** (we have plenty of practice!), and **failure and invention are inseparable twins. To invent you have to experiment, and if you know in advance that it's going to work, it's not an experiment.** Most large organizations embrace the idea of invention, but are not willing to suffer the string of failed experiments necessary to get there. Outsized returns often come from betting against conventional wisdom, and conventional wisdom is usually right. Given a ten percent chance of a 100 times payoff, you should take that bet every time. But you're still going to be wrong nine times out of ten. We all know that if you swing for the fences, you're going to strike out a lot, but you're also going to hit some home runs. The difference between baseball and business, however, is that baseball has a truncated outcome distribution. When you swing, no matter how well you connect with the ball, the most runs you can get is four. In business, every once in a while, when you step up to the plate, you can score 1,000 runs. This long-tailed distribution of returns is why it's important to be bold. Big winners pay for so many experiments.

Learn from failures...

Amazon once had an auction site called Amazon Auction, which went head-to-head with eBay. Auction shut down eventually, but it helped Amazon launch its own online marketplace for third party vendors called Amazon Marketplace, which is now a big part of its overall business.




Amazon's first smartphone, the Fire Phone, hasn't been discontinued, but it's been a pretty big flop so far. Amazon wrote off \$170 million worth of unsold Fire Phones last year, and its hardware division has been cutting jobs recently.



Twitter



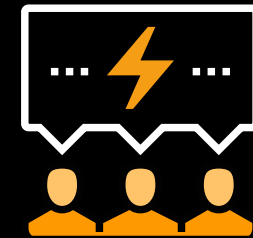
Experiment early &
frequently



Is it a **one-way** or
a two-way door?



Two-pizza teams are fast and agile, and foster **ownership and autonomy**



Small, decentralized teams are nimble



Own and run what you build

Amazon innovation equation

$$f(I) = (\text{mechanisms} * \text{architecture})^{\text{(culture} * \text{organization)}}$$

Learn from AWS experts. Advance your skills and knowledge. Build your future in the AWS Cloud.



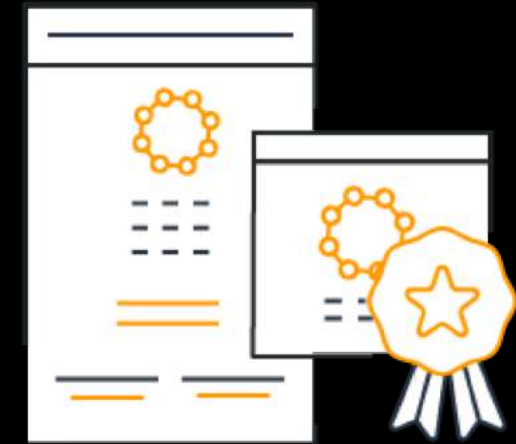
Digital Training

Free, self-paced online courses built by AWS experts



Classroom Training

Classes taught by accredited AWS instructors



AWS Certification

Exams to validate expertise with an industry-recognized credential

Ready to begin building your cloud skills?
Get started at: <https://www.aws.training/>

Why Work with an APN Partner?

APN Partners are uniquely positioned to help your firm at any stage of your Cloud Adoption Journey

- Share a common end goal 'focused on your success'
- Help you take full advantage of all the business benefits that AWS has to offer
- Provide services and solutions that support any AWS use case across your full customer life cycle

APN Partners with deep expertise on AWS



AWS MSP Partners

APN Managed Service Provider Partners with cloud infrastructure and application migration expertise



AWS Competency Partners

APN Partners with verified, vetted, and validated specialized offerings



AWS Service Delivery Partners

APN Partners with a track record of delivering specific AWS services to customers

Find the right APN Partner that meets your need: <https://aws.amazon.com/partners/find/>

Thank You for Attending AWS Innovate

We hope you found it interesting! A kind reminder to **complete the survey**.
Let us know what you thought of today's event and how we can improve
the event experience for you in the future.



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