The Culture of Innovation at Amazon: Driving Customer Success

itSMF Canada - Service Management in the Digital Age

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Culture of Innovation

Enabling Innovation for Everyone

"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
CEO, Amazon.com

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OUR MISSION

We want to be earth's most customer centric company

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OUR COMMITMENT

We make our customers' lives
easier (The Why?)

WHERE INNOVATION STARTS

We start with the customer and
work backwards

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amazon

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

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Our beliefs for building a 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 are willing to go down on a bunch of dark alleys and occasionally we find something that really works"
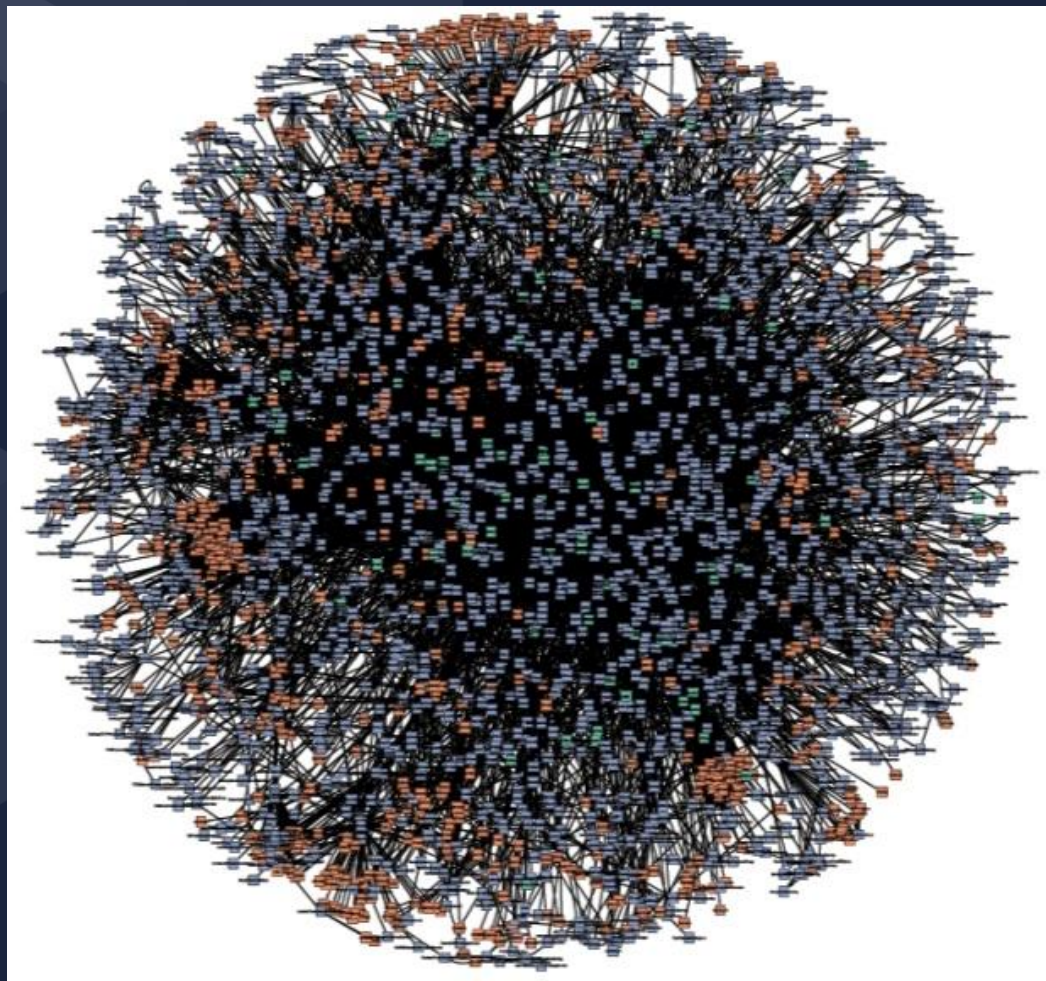
» **You have to be willing to be misunderstood for a long time**
"We are very comfortable being misunderstood"

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Amazon's IT environment circa 2001

Monolithic
Inflexible
Need to change one thing - have to change everything

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Single-purpose

Connect only through APIs

Largely "black boxes" to each other

Don't have change your stuff when they change their stuff

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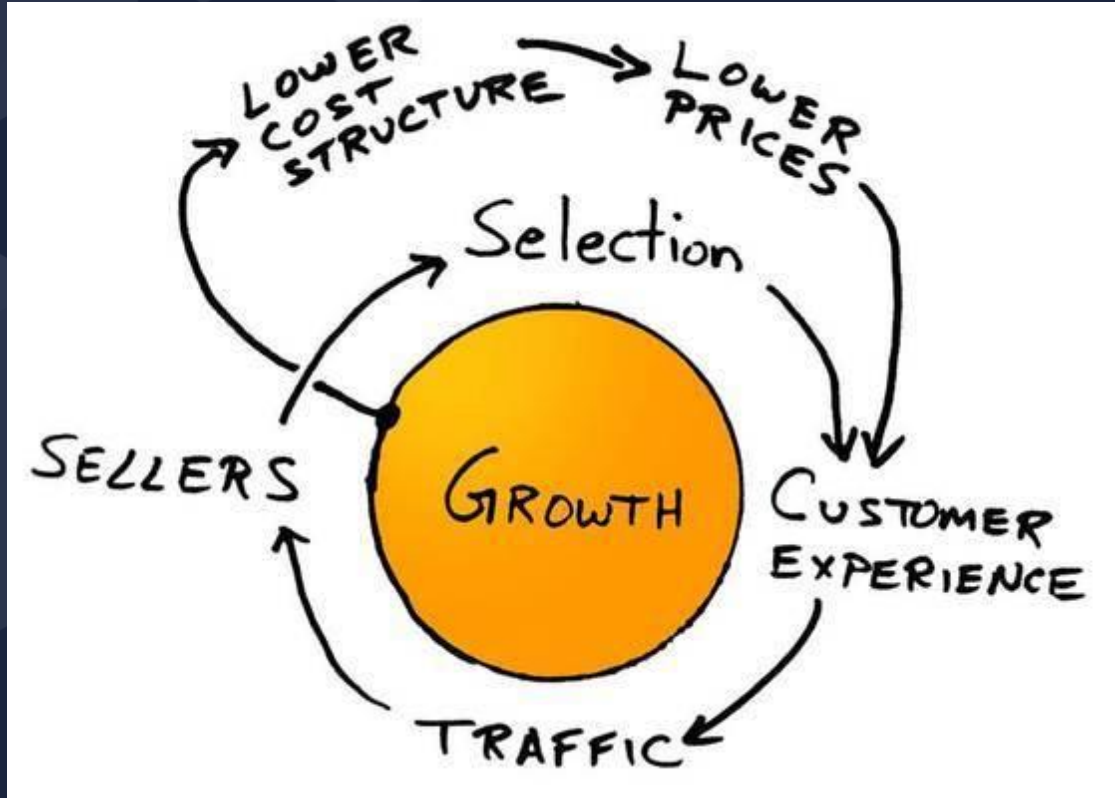
CUSTOMER OBSESSION

Start every process with the customer and work backwards

Amazon's Growth Flywheel

Value

Selection

Convenience

Amazon Go

STUBBORN ON THE VISION

But flexible on the details

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BE WILLING TO FAIL

We are willing to go down on a bunch of dark alleys and occasionally we find something that really works

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.
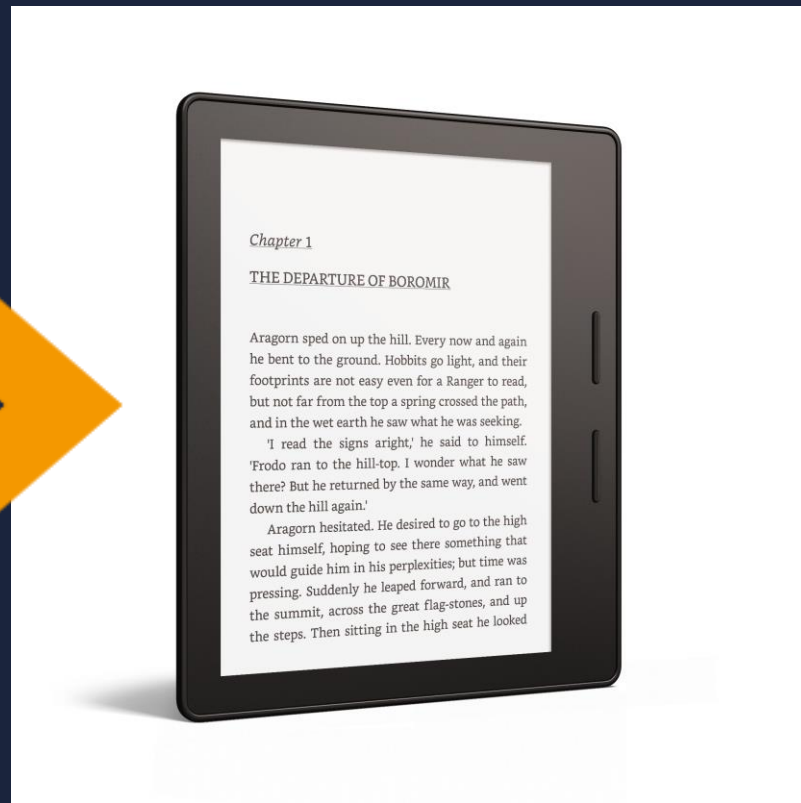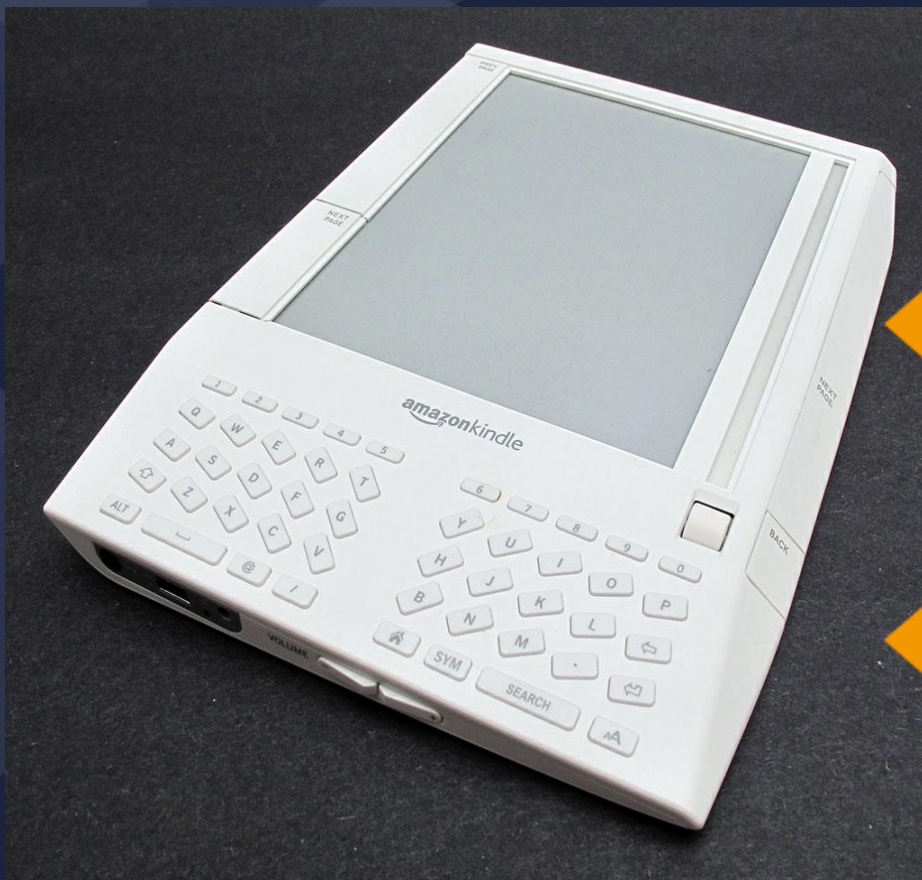

Shutterstock

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

WILLINGNESS TO BE MISUNDERSTOOD

For a long period of time

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Business Week

The McGraw-Hill Companies

NOVEMBER 13, 2006

www.businessweek.com

Amazon's Risky Bet

CEO Jeff Bezos wants to run your business with his Web technology. Wall Street wishes he would just mind the store.

BY ROBERT D. HOF (P.52)

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

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How do we organize for innovation?

» **Mechanisms**
Working Backwards Process
Press Release
FAQ & Visualizations

» **Architecture**
Micro-services 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

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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 – Today 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."

First write the press release

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?

Include both Customer FAQs and Stakeholder FAQs

Include the hard questions

Share your press release early to gather questions

write the FAQs

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, 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?

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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."*

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AWS: Most Robust, Fully-Featured Technology Infrastructure Platform
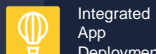
HYBRID ARCHITECTURE

- Integrated Networking
- Direct Connect
- Identity Federation
- Integrated App Deployments
- Data Backups
- Integrated Resource Management

MARKETPLACE

- Business Apps
- Business Intelligence
- DevOps Tools
- Security
- Networking
- Databases
- Storage

TECHNICAL & BUSINESS SUPPORT

- Support
- Professional Services
- Partner Ecosystem
- Training & Certification
- Solutions Architects
- Account Management
- Security & Billing Reports

ANALYTICS

- Data Warehousing
- Business Intelligence
- Hadoop/Spark
- Streaming Data Analysis
- Streaming Data Collection
- Machine Learning
- Elastic Search

APP SERVICES

- Queuing & Notifications
- Workflow
- Search
- Email
- Transcoding

MOBILE SERVICES

- API Gateway
- Single Integrated Console
- Identity
- Sync
- Mobile Analytics
- Mobile App Testing
- Push Notifications

DEVELOPMENT & OPERATIONS

- One-click App Deployment
- DevOps Resource Management
- Application Lifecycle Management
- Containers
- Triggers
- Resource Templates

IoT

- Rules Engine
- Device Shadows
- Device SDKs
- Device Gateway
- Registry

ENTERPRISE APPS

- Virtual Desktops
- Sharing & Collaboration
- Corporate Email
- Backup

GAMING

- 3D Game Engine
- Character Designer
- Multiplayer Service
- Cloud Integration
- Twitch Integration

SECURITY & COMPLIANCE

- Identity Management
- Access Control
- Key Management & Storage
- Monitoring & Logs
- Configuration Compliance
- Web application firewall
- Assessment and reporting
- Resource & Usage Auditing

CORE SERVICES

- Compute — VMs, Auto-scaling, Load Balancing, Containers, Cloud functions
- Storage — Object, Blocks, File, Archivals, Import/Export
- CDN
- Databases — Relational, NoSQL, Caching, Migration
- Networking — VPC, DX, DNS

INFRASTRUCTURE

- Regions
- Availability Zones
- Points of Presence

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We Hire builders and we let them build.
Peculiar hiring process.

Customer Obsession
Ownership
Invent and Simplify
Learn and Be Curious
Are Right, A Lot
Hire and Develop the Best
Bias for Action
Insist on the Highest Standards
Deliver Results
Think Big
Frugality
Earn Trust
Dive Deep
Have Backbone, Disagree & Commit

a LEADER SHIP PRINCIPLES

... unless you know better ones.
Please be a leader.

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Experiment
frequently
It is a one-way
or a two-way
door?

To our shareowners (2015)

This year, Amazon became the fastest company ever to reach $100 billion 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.

2 PIZZA TEAMS

Agility & foster ownership and autonomy
Small decentralised teams are nimble
Own and run what you build
Netflix

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INNOVATION AT THE EDGE

Enable everyone to innovate

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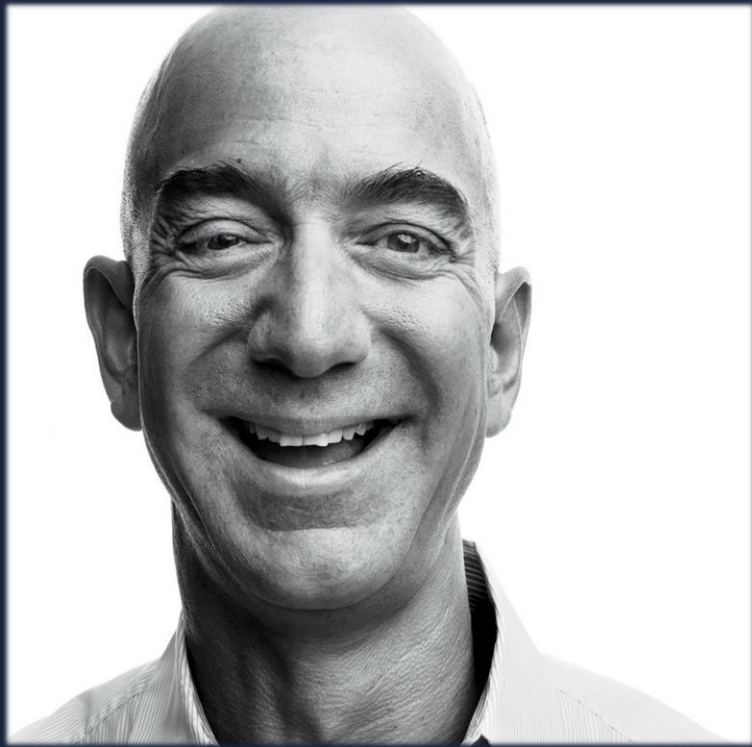
We had three big ideas at Amazon that we have stuck with for 20+ years, and they are the reason we are successful: put the customer first, invent, and be patient.

Jeffrey P. Bezos
Founder and Chief Executive Officer
Amazon.com, Inc.

amazon

Thank You!

If you have questions or if you need more information please contact me:

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