

AWS re:Invent

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INO102

Amazon's culture of innovation

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At Amazon and AWS, it's always Day 1



1. Customer-obsessed
2. High-quality, high-velocity decisions
3. Experimental and disruptive

“Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1 . . . To keep the energy and dynamism of Day 1, **you have to somehow make high-quality, high-velocity decisions.**”

–Jeff Bezos, Founder and Executive Chair, Amazon.com
2016 Shareholder Letter



What is a Day 1 culture?



1. Customer-obsessed
2. High-quality, high-velocity decisions
3. Experimental and disruptive

Our mission is to be Earth's . . .

Most customer-centric company

Best employer

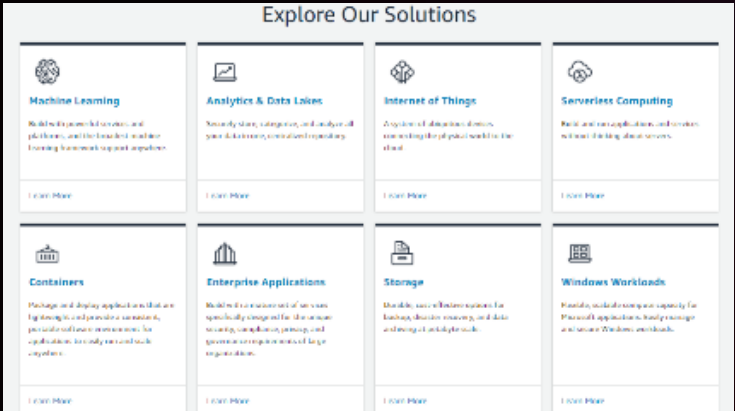
Safest place to work

Where innovation begins:

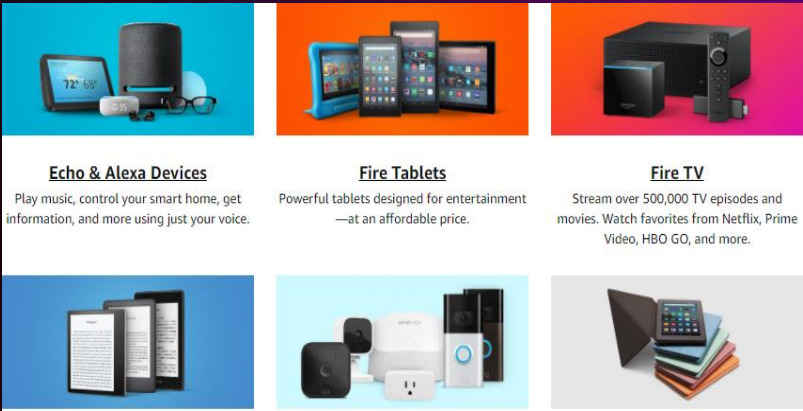
Start with the customer and work backwards



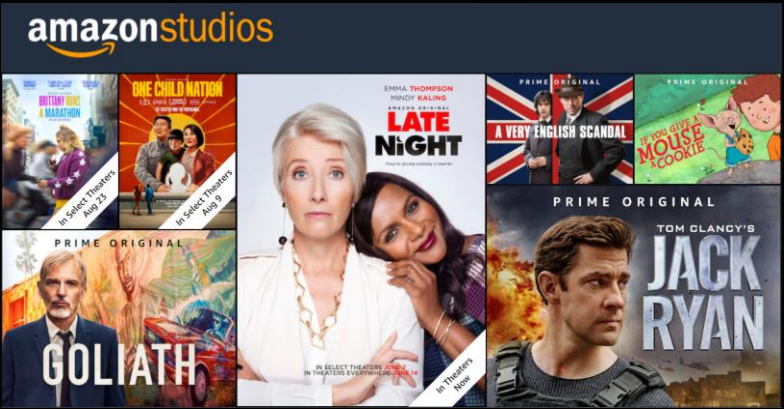
E-commerce



aws



Devices



Streaming content

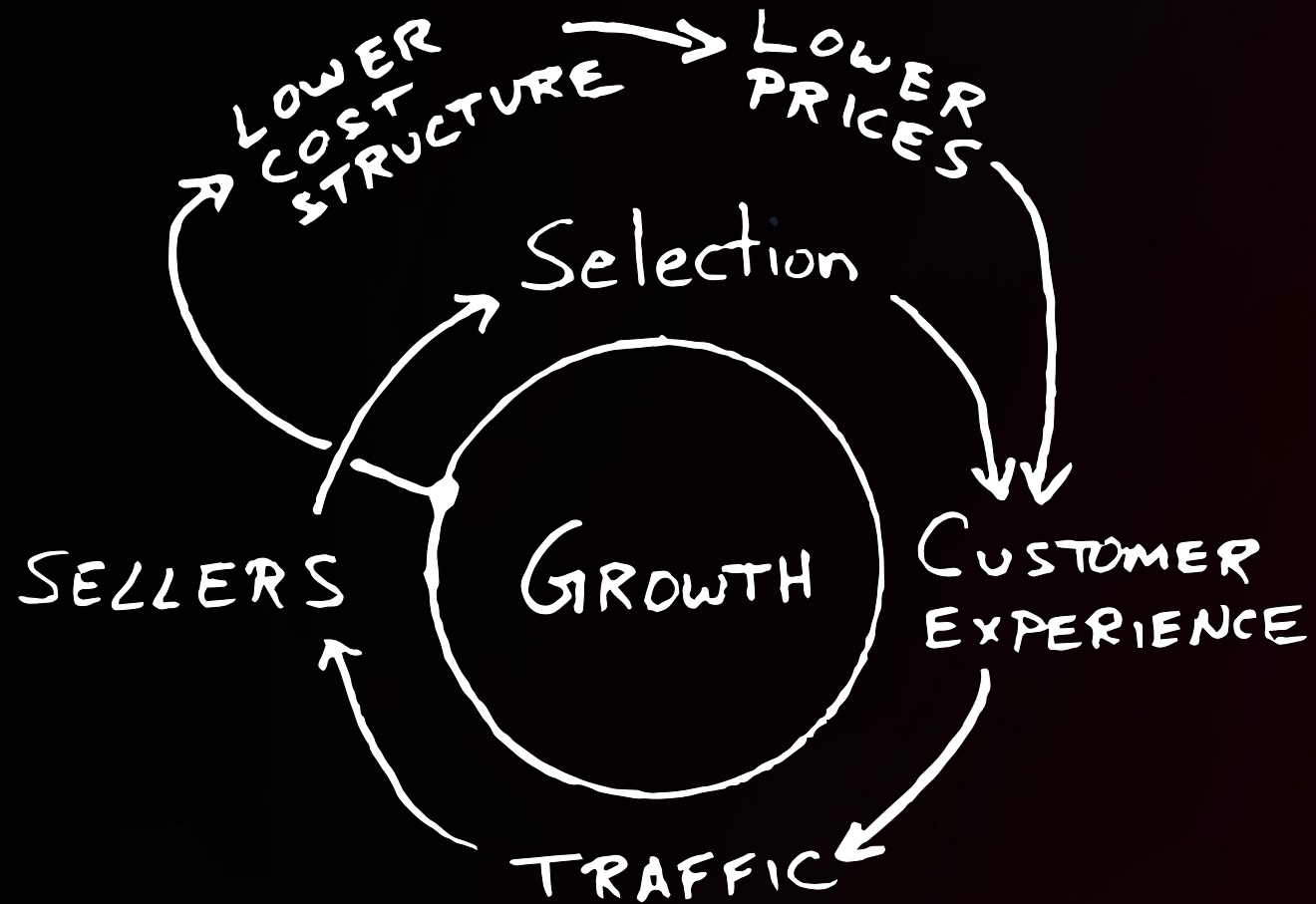


Consumables



Physical retail

Amazon's retail growth flywheel



- Price
- Selection
- Convenience



119

Price reductions (since 2006)

200+

Fully featured services

100,000 partners

From 150 countries

New significant services and features released



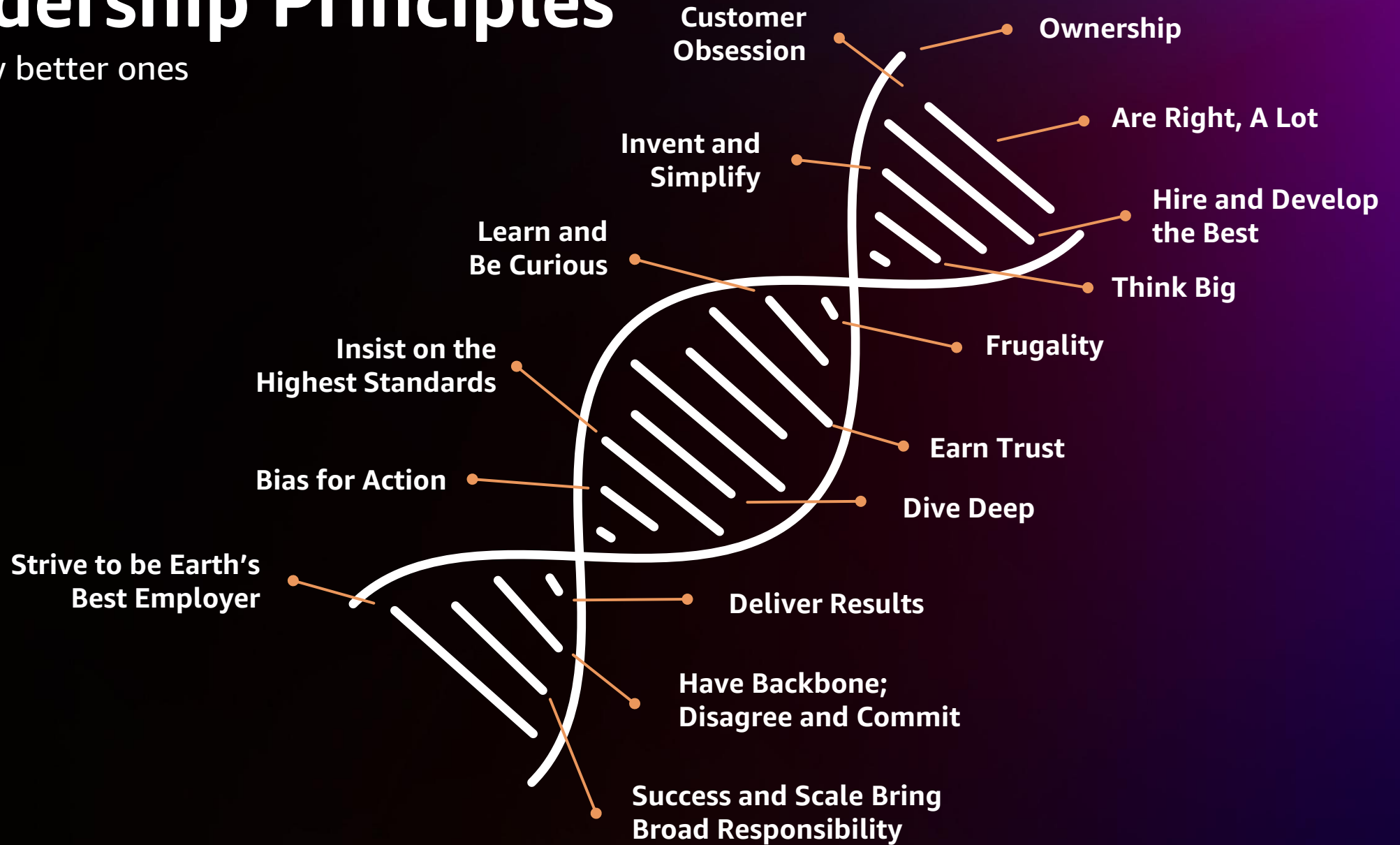
What is a Day 1 culture?



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2. High-quality, high-velocity decisions
3. Experimental and disruptive

Our Leadership Principles

...unless you know better ones



Customer Obsession

Leaders start with the customer and work backwards. They work vigorously to earn and keep customer trust. Although leaders pay attention to competitors, they obsess over customers.

The most important person in the room



Invent and Simplify

Leaders expect and require innovation and invention from their teams and always find ways to simplify. They are externally aware, look for new ideas from everywhere, and are not limited by “not invented here.” As we do new things, **we accept that we may be misunderstood** for long periods of time.

Stubborn on the **vision**, flexible on the details



Bias for Action

Speed matters in business.
Many decisions and actions
are reversible and do not need
extensive study. We value calculated
risk taking.



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

" . . . failure and invention are inseparable twins . . .

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 . . . Big winners pay for so many experiments."

– Jeff Bezos, Founder and Executive Chair, Amazon
2015 Letter to Shareholders



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.**

Learn from failures

Auctions, zShops, Marketplace



Fire phone



What is a Day 1 culture?



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A **mechanism** is a complete process





Press
release



FAQ



Visuals

Working backwards: A mechanism for innovation

Use it to get clarity, not
to document what you've
already decided to do



Who is the customer?

Be specific about context
and needs

Working backwards artifacts

Press release

AWS Announces General Availability of Amazon Location Service

New service makes it easier for customers to add location functionality to their applications with a lower cost, without sacrificing data security or privacy at as low as 1/10th the cost of the most common location-based service.

SEATTLE--(BUSINESS WIRE)--Jun. 1, 2021-- Today, Amazon Web Services, Inc. (AWS), an Amazon.com company (NASDAQ: AMZN), announced the general availability of Amazon Location Service, a new service that makes it easier and more cost-effective for customers to add location functionality to their applications without compromising on user privacy or data security. With Amazon Location Service, customers can add location functionality in their applications using data from location-based service (LBS) providers Esri and HERE Technologies to provide maps, points of interest, geocoding (converting location information to a map), route planning, geofencing (creating virtual perimeters), or asset tracking. Amazon Location Service is as low as 1/10th the cost of the most common LBS providers, and customers pay only for the number of requests, assets tracked, or devices managed. To get started, visit: <https://aws.amazon.com/location>

Location data is vital for companies of all sizes and across every industry to support a range of use cases (e.g. asset tracking, route planning, and location-based marketing experiences) that rely on the data from connected devices in the world today. However, due to privacy and security compromises, complex pricing, and a difficult integration process, many companies face significant barriers when integrating location functionality into their applications. For example, some LBS providers impose licensing terms that require the provider the rights to access, use, and commercialize a customer's location data (e.g. the position of a mobile device, facilities, or vehicles). Additionally, the pricing from LBS providers often makes it too expensive to use location functionality in all of the ways a customer may want to use it. Even when the pricing is less prohibitive, onboarding an LBS provider requires customers to invest significant time and resources in integrating data and building supporting tools before using the provider's location data in any application. In more advanced use cases like asset tracking or geofencing, a customer may need to build the application from scratch, which can add months of development time. Furthermore, some customers may want to use location data for a range of use cases, which can add to the complexity and cost of the application.

FAQs

FAQ – Customer

1. What is Amazon Location Service?

Amazon Location Service is a fully managed service that makes it easy for developers to add location functionality, such as maps, points of interest, geocoding, routing, tracking, and geofencing to their applications without sacrificing data security, user privacy, data quality, or cost.

2. Why should I use location data in my applications?

Location functionality is increasingly used in business and consumer applications. You can use location data to solve problems such as displaying data on top of a map to provide geographic context, determining time and distance, looking up points of interest, and constraining actions to specific locations. The location functionality enables capabilities such as map-based visualizations, asset tracking, location-based marketing, customer engagement, and delivery or ride-sharing applications. Visit the [Amazon Location Service page](#) for real world examples.

3. What can I do with Amazon Location Service?

With Amazon Location Service, you have access to cost-effective location-based services (LBS) using data from global, trusted providers Esri and HERE, and you can easily integrate maps, points of interest, geocoding, routing, tracking, and geofencing in to your applications. Amazon Location Service enables you to bring sophisticated location-enabled applications to production quickly, without the high cost of development. Its affordable data, including tracking and geofencing capabilities, and built-in monitoring reduce your costs and development time. Additionally, Amazon Location Service integrates with several AWS services to further speed application development. For more information on AWS Location Service, visit the [Amazon Location Service page](#). Q: How does Amazon Location Service integrate with other AWS services? Also, visit the feature page for more about each of the [Amazon Location Service Features](#).

4. Where is Amazon Location Service available?

Amazon Location Service is available today in US East (N. Virginia), US East (Ohio), US West (Oregon), and EU West (Ireland).

Visuals



knowing that Amazon will send them the right sized diaper at the right time.

Custom Benefit?

~~Babies need an average of about 3,800 disposable diapers across seven sizes in three years, and remain in a size anywhere between a few weeks to several months. A baby might need just one box of size 1 diapers but need as many as eight boxes of size 4 diapers. To complicate matters, weight – and not age – is the best predictor of a baby's diaper size.~~

With Amazon's Subscribe & Save program, customers previously created diaper subscriptions in a specific size which was replenished until the customer decided it was time to move up a size. This meant that parents needed to anticipate the change in diaper size and either cancel their existing subscription to create a new one, or go to the Manage Your Subscriptions page to update the existing diaper subscription with the new size. This caused endless frustration for parents, added to the stress of having a new baby, and the experience ran counter to the concept of a subscription that should run smoothly with minimal touch points.

Not a good Name for this

With the introduction of the new auto-sizing feature, customers who subscribe to diapers will be asked to provide their child's weight, in addition to the existing child info. They will then be able to set up a single subscription that will take them through the various sizes at the right time. Customers will be notified before the next box of diapers is due to ship that it has automatically sized up – if it's too soon, there will be a simple one-click process to keep the current size.

Would a customer really say this?

"I love using Subscribe & Save. But for my older child, I have had to return boxes that were one size too small, which actually increased my work load," says Mara Steiner, who has used Subscribe & Save for her baby needs for several years. "As I expect my second child, I am very excited at the thought of having the right size diapers show up at my door each month. New parents have enough to do without having to keep calculating which size of diapers they should be buying for their baby."

~~"We want parents to always have the right sized diaper for their child at the right time," said Greg, director of Subscribe & Save. "This single subscription experience for diapers will ensure that customers can depend upon Subscribe & Save to do the work for them, and never have to worry about changing size as their children grow."~~

Amazon's Subscribe & Save ships thousands of items to their customers on a regular basis with additional discounts. With the diaper subscription service, the program has simplified the experience for new parents.

To learn more about Subscribe & Save's diaper subscriptions auto-sizing, go to www.amazon.com/diaper-subscription

What about mobile?

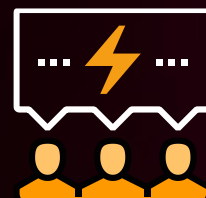
Sharpie



Amazon hires
builders and
lets them build



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



Small, decentralized,
nimble teams



Own and run
what you build

It's always Day 1



1. Customer-obsessed

- Customer-obsessed culture
- Distributable, scalable, updatable

2. High-quality, high-velocity decisions

- Mental models that facilitate high-velocity, high-quality decisions

3. Experimental and disruptive

- Mechanisms that drive continuous innovation
- Agile, autonomous teams that stay close to their customers and innovate on their behalf

INO102

Amazon's culture of innovation

Breakout session

INO103

How to increase resilience and prevent burnout

Breakout session

INO104

AI/ML at Amazon.com

Breakout session

INO201

Rapid transition from idea to solution

Chalk Talk

INO202

Working backwards in action: Starting with your customers

Workshop

INO203

Emotional intelligence can supercharge innovation

Breakout session

INO204

Leading beyond line of sight: Amazon's two-pizza teams

Breakout session



Thank you!

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