
AWS
re:Invent

INO201

Amazon’s Culture of Innovation

Richard Halkett
Director, Innovation Programs
AWS

Dan Slater
WW Lead, Culture of Innovation
AWS

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Agenda

Amazon’s mission

How we organize for innovation:

1. Culture
2. Mechanisms
3. Architecture
4. Organization



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Amazon’s mission:

To be Earth’s most customer-centric company



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Where innovation begins

start with the customer
and work backward

“Customers are always **beautifully, wonderfully dissatisfied**, even when they report being happy and business is great. Even when they don’t yet know it, customers want something better, and **your desire to delight customers will drive you to invent on their behalf.**”

Jeff Bezos

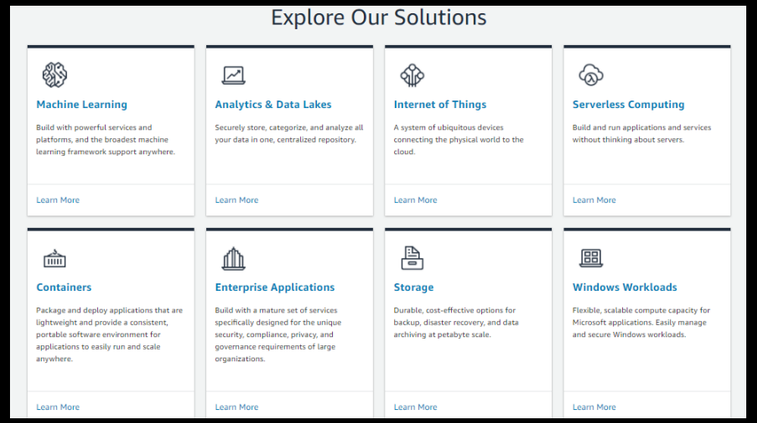
Founder and CEO, Amazon.com



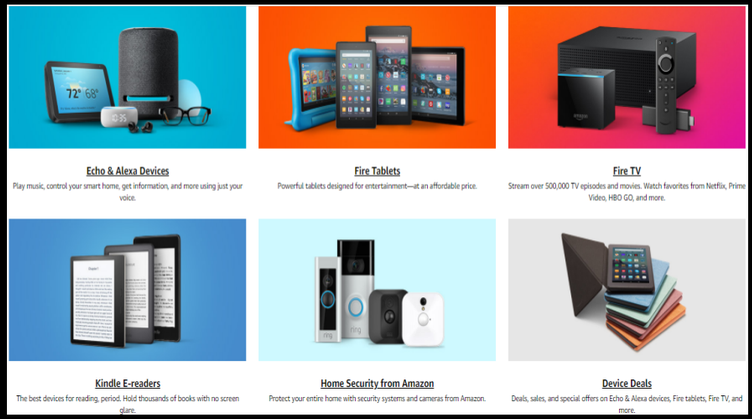
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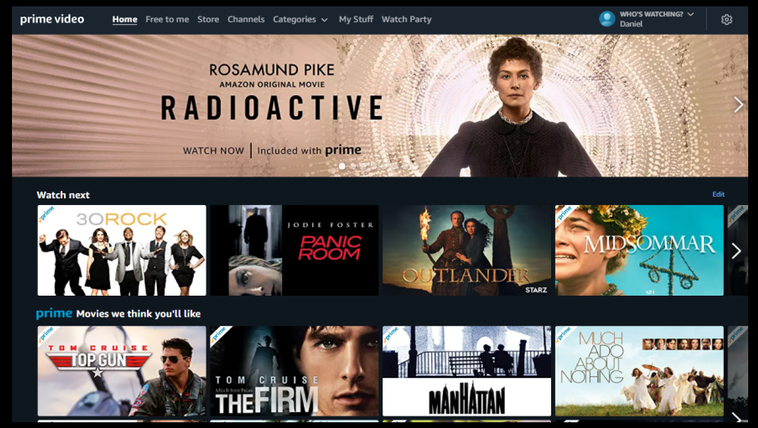
E-commerce



aws



Devices



Content



Consumables



Physical retail

1. Culture

Customer obsession, hire builders, let them build, support them with a belief system

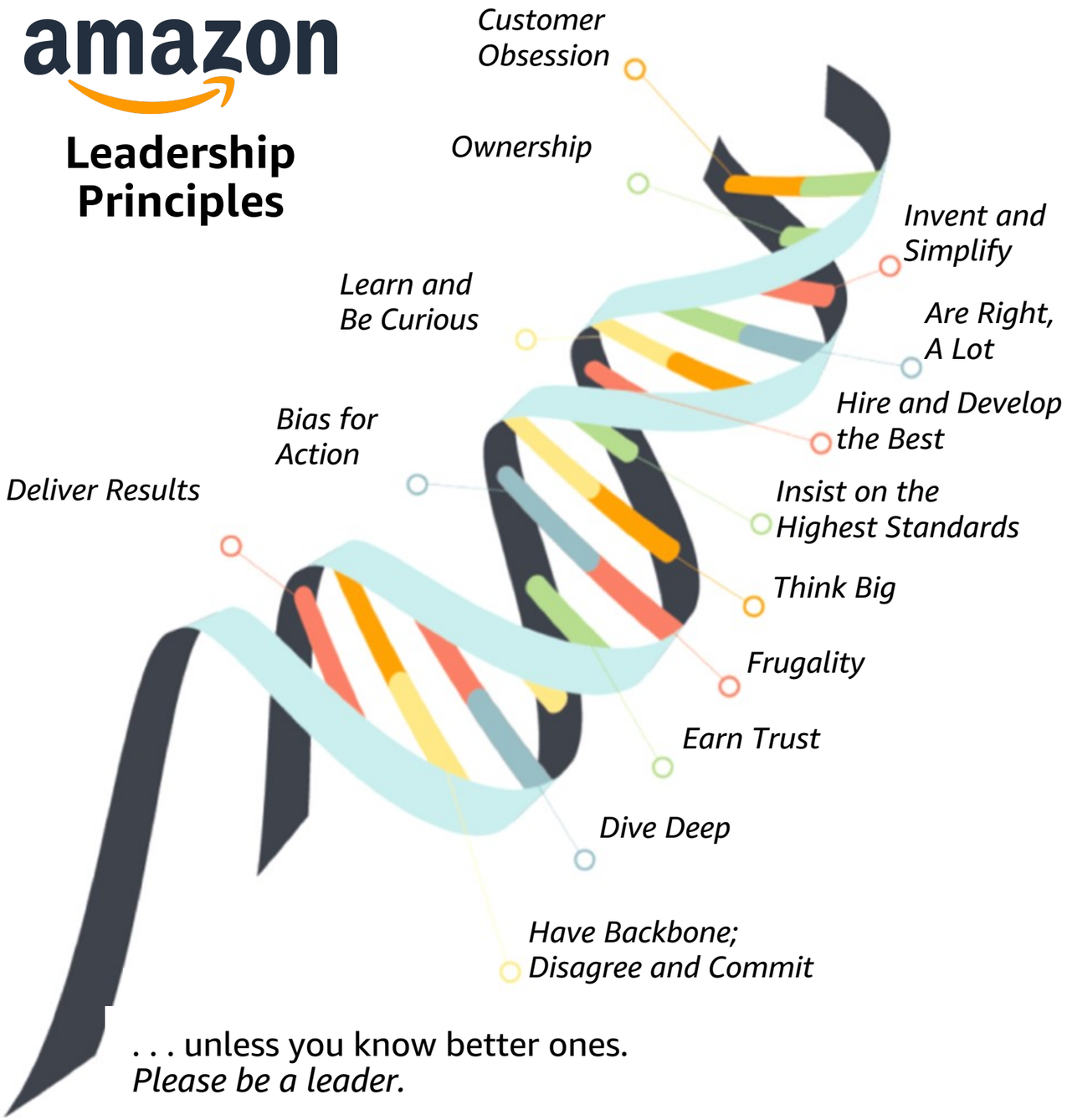


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amazon

Leadership Principles



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

Amazon's Leadership Principles

https://www.amazon.jobs/en/principles

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.

Willingness to be misunderstood for a long time







85

Price reductions (since 2006)

175+

Fully featured services

Millions of

active customers every month

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?

2. Mechanisms

Encoded behaviors that facilitate innovative thinking



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A mechanism is a complete process





Working backward: a mechanism for innovation

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

3. Architecture

Structure that supports rapid growth and change

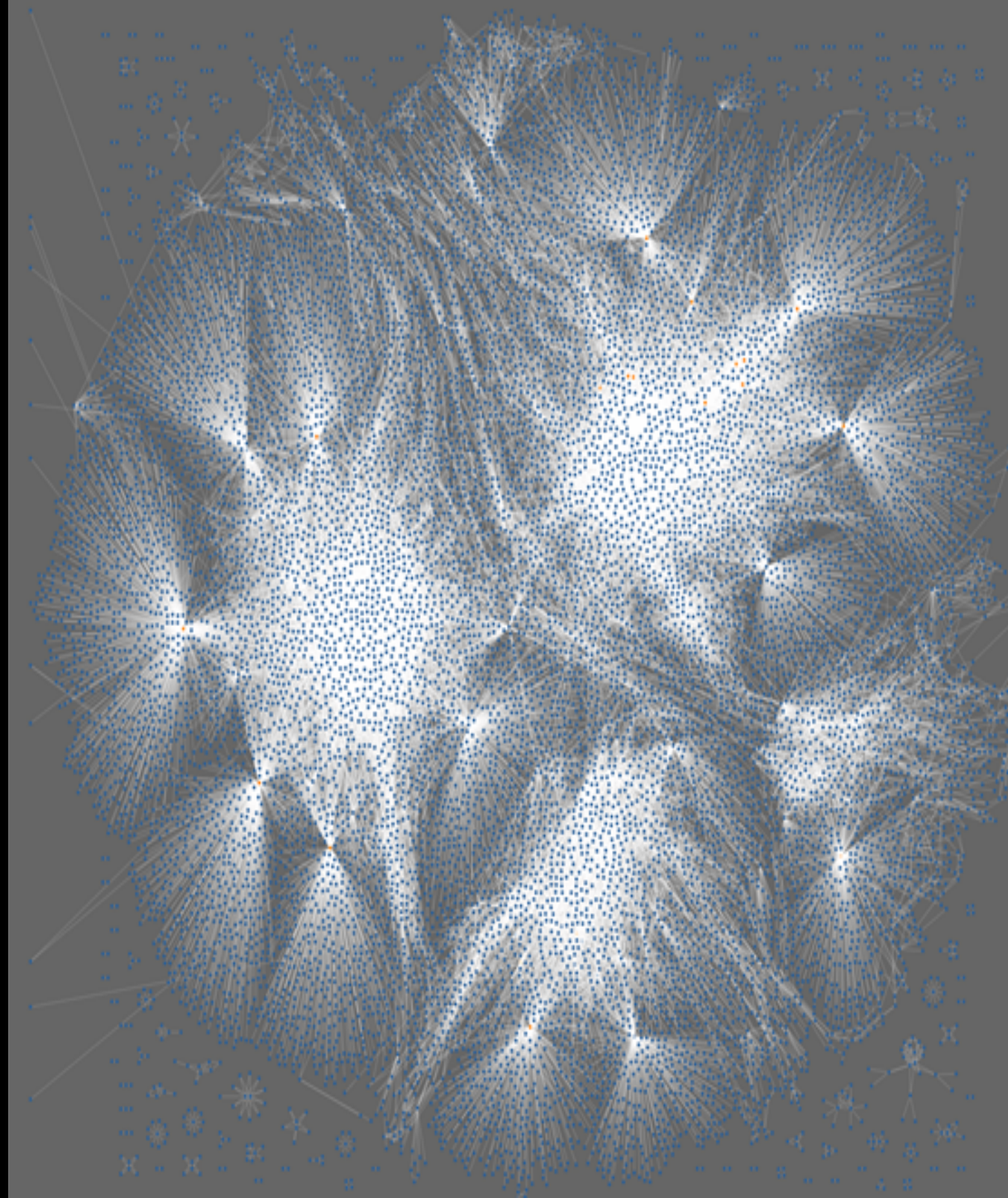


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From monolithic to microservices architecture

- Single-purpose services
- Connect only through hardened APIs
- Decoupled architecture
- Decreased constraints and dependencies





Self-service platforms without gatekeepers

Creating powerful self-service platforms that provide builders with the right tool for the right job

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4. Organization

Small, empowered teams that own what they create



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



Small, decentralized, nimble teams



Own and run what you build

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



Key takeaways

1. Culture

Customer obsession, hire builders, let them build, support them with a belief system

2. Mechanisms

Encoded behaviors that facilitate innovative thinking

3. Architecture

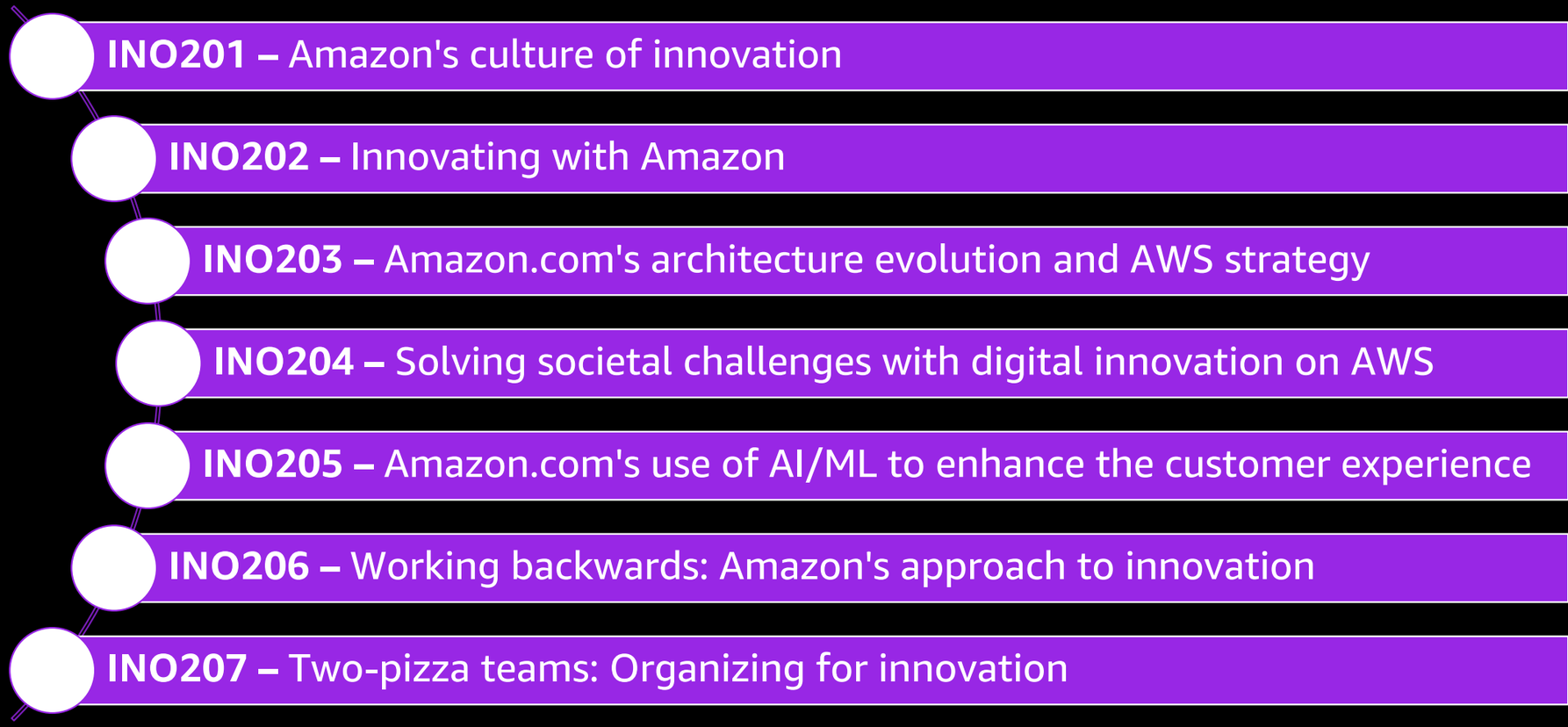
Structure that supports rapid growth and change

4. Organization

Small, empowered teams that own what they create

Dive deeper into innovation

Dive deeper into innovation by visiting some of our other Innovation Track sessions at re:Invent



To further explore Amazon’s approach to innovation, please contact your AWS Account Team.

Thank you!



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