

IICMR, Pune

# Enterprise Analysis and Desk Research

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# Company : Amazon



**Founder** : Jeff Bezos

**Promoters** : 1. Jeff Bezos 2. John Doerr 3. David Ebersman 4. Tom Alberg 5. Rezaam Saleh 6. W. James MacMillan 7. Jeff Blackburn 8. Diego Piacentini 9. Tony Hsieh 10. Joe Galli



# Amazon's Vision and Mission

## **Amazon's Vision:**

Our vision is to be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online.

## **Amazon's Mission:**

Our mission is to continually raise the bar of the customer experience by using the internet and technology to help consumers find, discover and buy anything, anywhere, at any time.





# Amazon's Quality Policies

Amazon's Quality Policy states that “Amazon strives to provide exceptional customer service, quality products, and a seamless shopping experience. We strive to meet or exceed customer expectations and continuous improvement in all aspects of our business. We are committed to delivering the highest quality products and services, while providing our customers with exceptional value. We are committed to providing a safe and secure shopping experience, while upholding the highest standards of ethical behavior.”



# Amazon's Management Structure



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# Amazon's Financial Structure

- Amazon's latest financial structure consists of a wide range of different elements. The company's overall financial performance is driven by its core businesses, which include its retail, Amazon Web Services (AWS), and Amazon Advertising businesses. Additionally, the company has expanded into new markets, such as its recently launched Amazon Prime Video service.
- Revenue for the company comes primarily from its core businesses, which are the retail, AWS, and advertising businesses. Amazon also generates income from its Amazon Marketplace and Fulfillment by Amazon services. Additionally, the company has expanded into media, offering streaming services such as Amazon Prime Video and Amazon Music, as well as its Kindle family of products.



- In terms of its financial structure, Amazon has a large amount of debt, with a long-term debt-to-equity ratio of 1.7. The company also has a large amount of cash on hand, with \$31 billion in cash and short-term investments as of April 2021. Amazon also has a strong balance sheet, with \$176 billion in total assets at the end of 2020.
- Amazon's financial structure also includes its capital structure, which consists primarily of common stock, preferred stock, and debt.
- As of April 2021, the company had a market capitalization of \$1.71 trillion. Amazon reported total assets of \$370.2 billion and total liabilities of \$214.3 billion at the end of its fourth quarter (Q4) of 2020.



- Amazon's total equity stood at \$155.9 billion at the end of Q4 2020. Amazon reported a total revenue of \$386.1 billion in 2020, which was an increase of 38% compared to 2019.
- Amazon's net income for the year 2020 was \$21.3 billion, an increase of 85% over 2019. Amazon's cash and cash equivalents stood at \$42.3 billion at the end of Q4 2020, a year-on-year increase of 38%.
- Additionally, the company had \$7.3 billion in short-term investments and \$12.4 billion in long-term investments. Amazon reported total operating cash flows of \$64.7 billion in 2020, an increase of 37% over 2019. Free cash flows for the year were \$44.9 billion, up 57% from 2019.



# Amazon's Service Challenges at the time of Covid

- 1. Supply Chain Disruptions:** The COVID-19 pandemic has caused major disruptions to Amazon's supply chain, making it difficult to fulfill customer orders as quickly as it normally does. This has been a major challenge for Amazon, as it has had to rely on third-party vendors to fulfill orders, and these vendors may not be able to meet the same standards for speed and accuracy as Amazon.
- 2. Manufacturing Delays:** Amazon is facing delays in manufacturing new products due to the pandemic, as factories and warehouses are not operating at full capacity. This has caused backlogs and delays in delivering new products to customers, which is impacting Amazon's revenue.



3. **Staffing Issues:** Amazon's staff have been affected by the pandemic, with many employees facing furloughs, reduced hours, and layoffs. This has made it difficult for Amazon to maintain its high standards of customer service, as it has had to hire and train new staff to replace those who have been furloughed or laid off.

4. **Delivery Delays:** Delivery delays are another challenge Amazon has been facing due to the pandemic. Many delivery services, including Amazon's own delivery service, are experiencing delays due to high demand and social distancing





# Amazon's Production/Sales Forecasting at the time of Covid

Amazon has used its proprietary machine learning algorithms to optimize its production and sales forecasting during the COVID-19 pandemic. The company has used its vast data pool to analyze consumer behavior and anticipate demand for certain products, as well as to adjust production and sales accordingly. Amazon has also used its predictive analytics to adjust supply chain management and logistics in order to ensure timely deliveries of products. In addition, Amazon has implemented dynamic pricing and inventory management strategies to capture the surge in demand for certain items and manage the supply chain.



# Amazon's Sales During Covid

Amazon's sales have risen dramatically since the start of the Covid-19 pandemic. In the first quarter of 2020, Amazon reported a 26% increase in sales compared to the same period in 2019. This increase was largely driven by a surge in online shopping as consumers turned to Amazon for their essential needs. Amazon also saw an increase in sales from its cloud-computing business, Amazon Web Services, which provides cloud-computing services to businesses and government organizations. The company also said it hired over 175,000 new workers during the height of the pandemic to meet customer demand.



## Amazon's Sales Post-Covid

Amazon's sales post Covid-19 have been strong. The company's sales grew by 40% year-over-year in the second quarter of 2020, and its net sales increased by 37% in the same period. The company has seen a surge in sales of essential items such as groceries, health and personal care, and household supplies, as well as increased demand for its e-commerce services. Amazon has also seen strong growth in its AWS cloud business and its Prime membership program.



# How Amazon Handled its employees at the time of Covid

Amazon took a number of steps to protect its employees during the Covid-19 pandemic. These include: providing flexible work arrangements, enhanced cleaning procedures, health screenings and temperature checks, providing personal protective equipment, suspending performance reviews and compensation increases, and providing financial assistance. The company also implemented an emergency leave policy for employees who were infected or had to care for a family member who was infected. Finally, Amazon provided up to 14 days of paid leave for employees who were unable to work due to Covid-19 related issues.



# Indian Government Policies and Support given To Amazon

The Government of India has taken several policy initiatives to support Amazon and other e-commerce players in the country. Some of these initiatives include:

1. FDI (Foreign Direct Investment) Policy: The Government of India has allowed 100% FDI in e-commerce marketplace operations in India. This has allowed Amazon to set up its operations in the country.
2. GST (Goods and Services Tax) Reforms: The Government has implemented the Goods and Services Tax (GST) in India. This has simplified the taxation system and provided a uniform tax rate across the country, making it easier for e-commerce players like Amazon to do business in India.



3. Digital India Initiative: The Government has launched the Digital India Initiative which seeks to promote the use of digital technologies and services in India. This has enabled companies like Amazon to expand their presence in India.

4. Digital Payments: The Government has taken steps to promote digital payments in the country. This has enabled customers to make payments for products sold on Amazon more easily and securely.

5. Make in India Initiative: The Government of India has launched the Make in India Initiative to promote the manufacturing of products in India. This has enabled Amazon to source products from local vendors.

**Thank You!**

