

AWS Competitive Messaging - Retail FAQ

* Note that proposed overarching retail compete messaging is located in a separate Quip file.

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*** Items highlighted in green are approved retail messaging that is in the PRFAQ (as of 24 Aug 2018). 2/ Proposed changes are marked in purple at the bottom, or immediately following the existing answer.

Amazon (or AWS) as a Perceived Competitor

Q: You have such a strong competitive culture at Amazon. How does that translate into situations with a competitor is also an Amazon or AWS customer?

It's a super interesting topic, yet we would push back a bit on the notion that AWS or Amazon is a competitor-focused culture. If you ask anybody at Amazon what our culture was like, we wouldn't talk about competition or trying to win. In our meetings, we rarely talk about competitors. While we pay attention to what is happening, that awareness does not drive our decision making process. You actually, regularly see us shy away from questions about the competition although we are trying to better address questions about competition because customers are asking and competitors are selling fear, uncertainty, and doubt. The heart of our culture is that its a builder's culture where people are looking at different customer experiences that we think are important to try to improve and solve in a different way. On the other hand, you can have a company like Microsoft or Oracle that will spend a lot of time talking to you about Amazon, creating fear about feeding Amazon by using AWS. When you talk to people in those cultures, you regular hear responses like, "We really like to win, and we really like to compete."

Q. Are companies concerned that in using AWS they are indirectly helping to subsidize other Amazon.com businesses they may compete with?

No. One of the big myths floating around right now is that AWS is funding Amazon's e-commerce initiatives - but the fact is e-commerce is an excellent business in its own right and self-funds its big initiatives. AWS is a separate business inside of Amazon with a different customer base, different services, and a different leadership team. Amazon's consumer business makes enough operating profit to fund its own operations and growth, despite investing billions of dollars in initiatives, including Prime Video, and Alexa devices and services. [Add statement from earnings that shows both AWS and Amazon are profitable, stating: "]. Enterprises are choosing AWS because we have more functionality - by a large margin - than any other provider, we are innovating at a faster clip, we have the most diverse community of customers and partners, we have the most proven operational and security expertise, and we are innovating in new areas like serverless computing, edge computing, and Machine Learning/AI. Using the industry leading cloud platform allows companies - even those that compete with Amazon's retail businesses - to innovate, grow, and compete in a global marketplace. For example, moving to AWS helped ██████ grow its streaming video hours by orders of magnitude, expand its service to more than 130 new countries, increase service availability, and introduce many new features that rely on an ever-expanding volumes of data.

Q: Should retailers be afraid of using AWS?

Absolutely not. There is an interesting piece on this topic called, "The False Tail of Amazon's Industry-Conquering Juggernaut."

Q. How should I think about AWS if I'm a customer in an industry that Amazon is or might become competitive with?

It's important to take a step back and think about the fact that just because Amazon chooses to invest in an area, whatever area that is, doesn't mean that we're going to be successful. I think if you look at the two areas that we've disrupted over the 23 years Amazon has been around, it's been the retail space and it's been the technology space with AWS. And I think in both of those cases they had very archaic business models that customers didn't love so much.

And then, we built something different, and the players in those spaces just never reacted. It took them five, six years, seven years to really react to what customers were finding appealing in the offering that we built. That's pretty unusual. Now, I would say even in those industries, if you look at the companies who eventually did react, they're doing fine. If you look in AWS's space, you see Microsoft has reacted and they started doing business there. You contrast that data with IBM and Oracle, who reacted a lot slower, and it's been a bigger struggle with them.

So, I think if you build a business that's providing a good customer experience, and then when you see new innovations in your space and you're inspired by them, and you figure out how to adopt those to your own offering, customers and companies do quite well.

Q: What do you say to customers who are worried that using AWS services will support Amazon's competitive growth in the retail space?

The first thought that crosses our mind is how can you afford to not compete with the best possible tools in such a tough market like retail? The only way a company can inoculate itself from disruption and try to build a sustainable business is to obsess about customer experiences. If you are constantly inventing, thinking about what customers care about, creating ways to reinvent your customer experience using the best available technology, then you are well along the way to building a sustainable business. With AWS, we provide a platform that allows builders to have the best chance of continuing to reinvent their customer experience in their business.

Q. Are you seeing challenges getting big retailers as AWS customers because of the growth of Amazon?

Not really. There are some who are taking a more competitive or inward-facing view vs. what might give them the most capability, but I would also say that there are plenty of examples of consumer businesses using AWS (including [REDACTED] and many others). The reason that so many retailers continue to take the long view is that they want to use the technology infrastructure platform that gives them the most functionality, the greatest agility, and the best security and performance. AWS is the clear leader in these areas. Retailers' end users don't care about any rivalry that may exist with another retailer. In this fast-moving world, end users care about whether the customer experience is evolving quickly enough to warrant their doing business with that retailer. Speed and capability matters a lot.

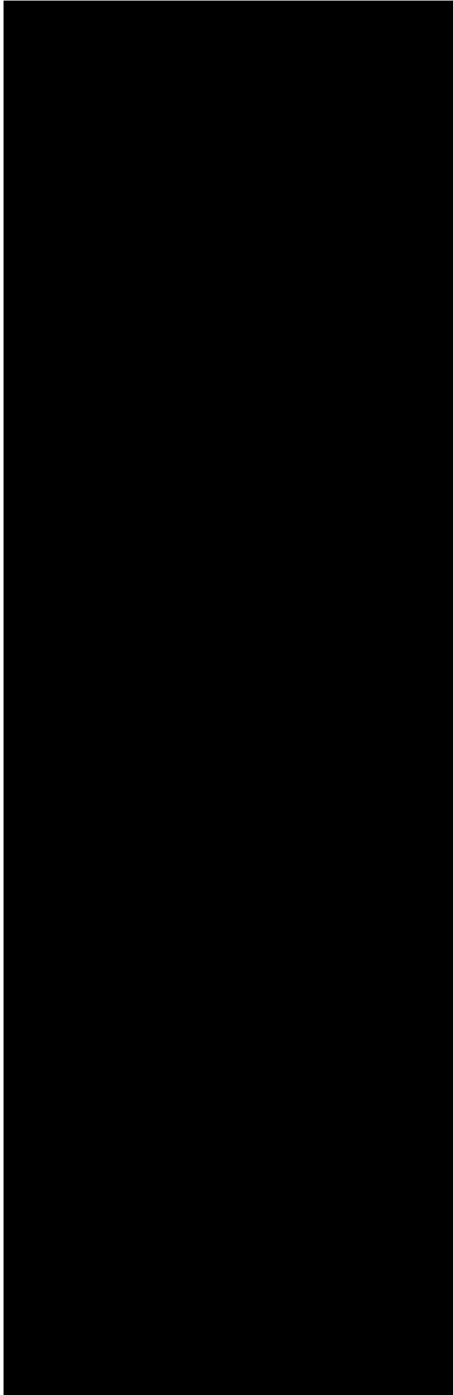
Q: Are retail customers using AWS in a strategic way, or a more tactical way due to Amazon's present in the retail space?

Customers who gain the most experience from AWS are those who strategically adopt the cloud in a very proactive and dynamic way, with the retail segment being no different. One prime example of an AWS customer that competes with Amazon and uses AWS to strategically differentiate itself is online retailer [REDACTED]. On 12 June [REDACTED] announced it is moving its infrastructure to AWS to further enhance the online shopping experience for its more than 6.1 million active customers. zulily moved business critical workloads to AWS,

including its store, mobile application and supply chain, and the online retailer has since seen a 30-40 percent performance improvement per request made across its website and mobile application. The CIO of [REDACTED] stated, "With AWS's highly scalable and flexible infrastructure, zulily is able to store and analyze large volumes of data and deliver enhanced experiences to customers without taking away from key business operations. Our strategy relationship with AWS gives our team the tools they need to maintain our culture of constant and nimble innovation. We chose AWS for the flexibility, stability, cost savings, and unmatched set of cloud services that support our unique business model."

Q. What large AWS customers compete with Amazon businesses?

The vast majority of Amazon's Retail competitors use AWS. Many we don't have permission to reference, but those that we do include:



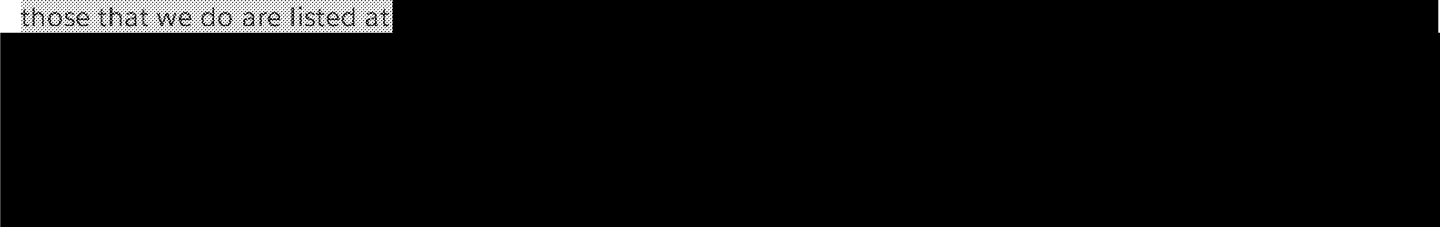


One of the most prominent examples of an AWS customer that competes with Amazon is [REDACTED] which competes very aggressively with Amazon's Prime Video business, but has chosen to run all-in on AWS both because AWS has a much more robust infrastructure platform than anybody else, and because they know AWS will treat them as every bit an important customer as Amazon the Retailer. You can feel free to ask [REDACTED] or any of our retail customers whether they believe this is so, and you'll see them back that up.

NOTE: A lot of these customers are not "retail customers." Propose changing the response to the following:

Q. What large AWS customers compete with Amazon businesses?

The vast majority of Amazon's Retail competitors use AWS. Many we don't have permission to reference, but those that we do are listed at [REDACTED]



Q: Can you give me an example (outside the retail space) of a company that competes with Amazon, yet has realized sustained success using AWS?

One of the most prominent examples of an AWS customer that competes with Amazon is [REDACTED] which competes very aggressively with Amazon's Prime Video business, but has chosen to run all-in on AWS both because AWS has a much more robust infrastructure platform than anybody else, and because they know AWS will treat them as every bit an important customer as Amazon the Retailer. You can feel free to ask [REDACTED] or any of our retail customers whether they believe this is so, and you'll see them back that up.

Q. Amazon's acquisition of Whole Foods is just the latest example of Amazon's expansion into so many business areas. What does this mean for AWS customers who may end up competing with one of Amazon's businesses?

AWS is a separate business inside of Amazon with a different customer base, different services, and a different leadership team. AWS operates independently of Amazon's other businesses. Amazon builds on top of AWS just like all other AWS customers, and benefits from the unmatched breadth and depth of AWS's cloud functionality just like all other AWS customers. Most of Amazon's consumer competitors use AWS with [REDACTED] being prominent examples. The reason these companies choose AWS is both because they want to leverage AWS's more robust and experienced infrastructure platform and because they have seen that AWS will treat them every bit as importantly as Amazon's consumer businesses. We very consciously, want any company, regardless of industry, to be able to use our infrastructure to build and run their business.

Q. What would you say to other companies concerned about working with Amazon in some shape or form because Amazon could expand into their category and become competition? (eg. supermarket brands worried about using AWS because of Amazon and the Whole Foods acquisition).

The businesses Amazon is in are all very large market segments with lots of very serious competition and lots of opportunity for multiple players to succeed. Amazon represents a small percentage of these segments. We are succeeding in these businesses because we are reinventing the customer experience in areas where there is opportunity to better serve customers. This is what we'll continue to focus on. That said, simply because Amazon enters a market segment doesn't mean that people will leave the companies they've been using for many years. Companies doing a great job serving their customers, investing in improving the customer experience, and listening and iterating quickly on behalf of their customers are performing well (and will continue to do so) in these market segments. The key is to be focused on customers, not competitors, because that's what matters to the people making purchasing decisions. AWS is focused on giving companies the opportunity to iterate and innovate faster and more easily than anywhere else, and our significantly broader functionality and ecosystem, as well as performance maturity are why so many more companies continue to choose AWS as their long-term, strategic technology partner.

Q. How does AWS handle my sensitive data (is it safe to store my sensitive data in AWS if another Amazon business is a competitors)?

First, AWS customer data is never accessed or used by the Amazon retail business. AWS customers have complete control over who can access their data. AWS provides a robust set of tools to ensure that customer data cannot be accessed by anyone without the appropriate permission. AWS is the industry leader in providing its customers with robust security technology and services. AWS is vigilant about its customers' privacy and data security and has ensured that, since day one, AWS customers have always retained ownership and control of their content along with the ability to encrypt it, protect it, move it, and delete it in alignment with their organization's security policies. AWS's extensive security technologies, 24x7 monitoring and alerting, and rigorous attention to all aspects of securing AWS's infrastructure services are designed to ensure that customers' data can only be used by them.

Walmart (and by extension, Microsoft)

Q. Walmart is warning its suppliers that they don't want them to be running on AWS because they don't want Amazon.com, a competitor of Walmart's, to have access to their data. How are you addressing that?

Even though Amazon's consumer business has no access to any customer data in AWS, I can understand why Walmart would be paranoid in making sure that their data is private. So, I think it's a pretty reasonable expectation for them to ask their suppliers to encrypt that data in AWS. And the reality is if they encrypt that data in AWS, the key is no one can access it except those suppliers of Walmart. It's hard for us to believe that they're going to be as supplier-hostile to their partners and tell them where they can run their technology, and even if they encrypt the data -- To me, it's hard for me to believe that's going to happen in the long term.

Q. Do you think other companies who compete with Amazon's retail/consumer businesses will take a similar stance to Walmart?

We think companies have to do what they think is right for their business and for their customers. The observation we'll make is that when, as a company, you choose to do things that are not in the interest of your customers, it may not zap you in the short term, but it almost always will zap you in the long term. And customers remember when they are being taken advantage of by companies who don't have their interest in mind. And the reality is that it's not only hostile to suppliers, but it's hostile to those suppliers' end users, because those companies don't get to use the technology and the platform that gives them the most

capability to innovate on behalf of their end users. So, we just don't think most companies are going to be hostile to their suppliers and jeopardize their ability to innovate and be agile by dictating the underlying technology they must use. It's just not the way that most companies do business today.

Q: Are retailers leaving AWS (e.g. Target) based on noise made by Walmart, others?

There are some who are taking a more competitive or inward-facing view vs. what might give them the most technology capabilities, but I would also say that there are plenty of examples of retailers using AWS (including ██████████ and many others). The reason that so many retailers continue to take the long view is that they want to use the technology infrastructure platform that gives them the most functionality, the greatest agility, and the best security and performance. AWS is the clear leader in these areas. Retailers' end users don't care about any rivalry that may exist with another retailer. In this fast-moving world, end users care about whether the customer experience is evolving quickly enough to warrant their doing business with that retailer. Speed and capability matters a lot.

Q: Walmart just announced a strategic partnership with Microsoft to further accelerate digital innovation in retail. What is your response?

The announcement is very curious given how it came to fruition, and how you never hear mention of customers in subsequent conversations with press. You hear stories in the market that Walmart is telling its suppliers that they cannot use AWS. You hear Microsoft spreading unfounded fear in the retail segment to create appeal for retail workloads, by saying things like "we don't compete with our customers." Public commentary by the organizations makes it very clear that the deal is competitor-drive, with Microsoft CEO Satya Nadella explaining that the motivation for this deal focused on "how do we get more leverage as two organizations that have depth and breadth an investment to be able to outrun our respective competition." Further commentary from Satya, as quoted in the Wall Street Journal, makes it very clear that the shared rivalry with Amazon "is absolutely core to this (deal)."

Most technology companies today are mostly competitor focused. If you're competitor-focused, you have to wait until there is a competitor doing something. Competitor-focused vendors won't enter a market until someone else has proven that market to be successful. This was true with AWS pioneering infrastructure as a service more than a decade ago, and it is true again with retail customers across the globe using AWS for years to disrupt markets and prove that retail workloads on the cloud are simply better for customers. Now you see competitor-focused companies kick into their traditional patterns of spreading fear, then launching competitor focused initiatives.

Being customer-focused allows you to be more pioneering. The way Amazon partners is very unique, as we are customer obsessed. Today's customer can tell whether product and service is good because there is so much transparency. They can compare it to other very easily. Rather than inferior products shouting louder, we have sort of a product meritocracy. It is very good for customers, it is very good for companies that embrace it, and it is very good for society. When you set aside all the hype and conjecture, customers know the technology these vendors offer are years behind what AWS can offer to retailers today and has been offerings for many years.

Q: Microsoft CEO Satya Nadella was recently on CNBC discussing how much Amazon is "rigging transactions" and how much customers fear working with Amazon because they are concerned that Amazon will come after their business models and raise prices over time. What is your response?

The concept is illogical. At the end of the day, you will need to make a choice to either believe words or actions. During the conversation, Satya stated that “any customer who is essentially subsidizing their own tax increase should think through exactly how that’s going to work out in the long run.” Its a nice scare tactic that isn’t backed by evidence and is contradicted by Microsoft’s behavior. In the same interview, he stated “I’ve never seen business models where [when] there’s more demand, there are higher prices.” If you look at the facts, Microsoft prices keep going up regardless of growing or shrinking demand. When you get past the fear mongering, it is important to ask yourself if you are more concerned with the possibility of helping Amazon, or the actuality of Microsoft raising licensing costs for both software (Windows Server, SQL Server) and services (Windows Azure) regularly throughout the duration of your potential contract. At AWS, we have never raised prices. Over the past eight years, we have lowered prices for customers more than 60 times. We have never raised the price of Windows on AWS, despite both Azure raising its Windows Instances prices and Microsoft continually raising its Windows license costs. Yet, Microsoft has regularly increased the prices of Windows instances running on Azure.

- Windows Server 2019 - "It is highly likely we will increase pricing for Windows Server Client Access Licensing (CAL). We will provide more details when available," Redmond warned.
- Software Assurance Support - Gartner calculated that companies paying around seven percent of annual Software Assurance cost for Premier Support will see a 25 percent to 30 percent cost increase for Unified Support.
- Cancelling BYOL for SQL Server
- Brexit price increases
- Free software, until the next EA comes around and what was free is no longer free

Relationship between Amazon and AWS

Q. How autonomous is AWS within the Amazon structure?

AWS is a separate business inside of Amazon with a different customer base, different services, and a different leadership team. Amazon uses the same AWS cloud services to run its various businesses as millions of other customers around the world. AWS has many customers that also compete with the Amazon retail business, but to AWS, Amazon is just one of many large AWS customers and treated the same as any other customer. [REDACTED] for instance competes very aggressively with Amazon retail in the video and original content space. And yet, [REDACTED] is every bit as important of a customer to AWS as Amazon the retailer is.

Q. Does Amazon run wholly on AWS?

The vast majority of Amazon.com runs on AWS, and we have aggressive plans to move the rest.

Prime Day 2018

Q. There have been a number of news stories indicating massive glitches preventing online shoppers from buying and browsing on Prime Day – was AWS responsible for the Prime Day disruption? What was the cause?

No. AWS was not involved in any Prime Day issues. This was a software issue in our Amazon Retail systems. There are lots of systems that come together to support an event like Prime Day and while most performed smoothly, there were a couple of issues to work through. We know there were some disappointed customers and we regret any bad experience, even for just one customer. Fortunately, many Prime members were able to access our deals – that’s apparent in the numbers we’re seeing.

Q. Does Amazon use AWS? [Prime Day 2018 Outage Cont.]

Yes, but AWS was in no way involved in the disruptions on Prime Day. All applications that use AWS have their own software that can create issues for their application, regardless of what infrastructure they're using. In our Amazon Retail systems, there are lots of systems that come together to support an event like Prime Day and the issues we experienced had nothing to do with AWS.

Privacy & Security

Q. How does AWS handle my sensitive data (is it safe to store my sensitive data in AWS if another Amazon business is a competitors)?

At AWS, customer trust is our top priority. We deliver services to millions of active customers, including enterprises, educational institutions, and government agencies in over 190 countries. Our customers include financial services providers, healthcare providers, retailers, and governmental agencies, who trust us with some of their most sensitive information.

We know that customers care deeply about privacy and data security. That's why AWS gives you ownership and control over your content through simple, powerful tools that allow you to determine where your content will be stored, secure your content in transit and at rest, and manage your access to AWS services and resources for your users. We also implement responsible and sophisticated technical and physical controls that are designed to prevent unauthorized access to or disclosure of your content.

Q. Who owns the data, and what specifically do you do with the data loaded into AWS?

Maintaining customer trust is an ongoing commitment. We strive to inform you of our privacy and data security policies, practices, and technologies we've put in place. These commitments include ownership and Control of customer content:

Access: As a customer, you manage access to your content and user access to AWS services and resources. We provide an advanced set of access, encryption, and logging features to help you do this effectively (such as AWS CloudTrail). We do not access or use your content for any purpose without your consent. We never use your content or derive information from it for marketing or advertising.

Storage: You choose the AWS Region(s) in which your content is stored. We do not move or replicate your content outside of your chosen AWS Region(s) without your consent.

Security: You choose how your content is secured. We offer you strong encryption for your content in transit and at rest, and we provide you with the option to manage your own encryption keys.

Disclosure of customer content: We do not disclose customer content unless we're required to do so to comply with the law, or with a valid and binding order of a governmental or regulatory body. Unless we are prohibited from doing so or there is clear indication of illegal conduct in connection with the use of Amazon products or services, Amazon notifies customers before disclosing customer content so they can seek protection from disclosure.

Security Assurance: We have developed a security assurance program that uses best practices for global privacy and data protection to help you operate securely within AWS, and to make the best use of our security control environment. These security protections and control processes are independently validated by multiple third-party independent assessments.

Q: How does AWS classify customer data?

AWS classifies customer data into two categories: customer content and account information. We define **customer content** as software (including machine images), data, text, audio, video, or images that a customer or any end user transfers to us for processing, storage, or hosting by AWS services in connection with that customer's account, and any computational results that a customer or any end user derives from the foregoing through their use of AWS services. For example, customer content includes content that a customer or any end user stores in Amazon Simple Storage Service (S3). Customer content does not include account information, which we describe below. The terms of the AWS Customer Agreement and the AWS Service Terms apply to your customer content. We define **account information** as information about a customer that a customer provides to us in connection with the creation or administration of a customer account. For example, account information includes names, usernames, phone numbers, email addresses, and billing information associated with a customer account. The information practices described in the AWS Privacy Notice apply to account information.

Q: Who owns customer content?

As a customer, you maintain ownership of your content, and you select which AWS services can process, store, and host your content. We do not access or use your content for any purpose without your consent. We never use customer content or derive information from it for marketing or advertising.

Q: Who controls customer content?

As a customer, you control your content. You determine where your content will be stored, including the type of storage and geographic region of that storage. You choose the secured state of your content. We offer customers strong encryption for your content in transit and at rest, and we provide you with the option to manage your own encryption keys. You manage access to your content, and access to AWS services and resources through users, groups, permissions, and credentials that you control.