Issues about amazon.com

Discuss the issues that amazon. com had as the company grew and changed. From 1994 to 1997, amazon. com experienced tremendous growth. This led to its IPO on May 15, 1997, which was a success, netting 50 million and stock continued to trend upward. Driven by this, Amazon took a move to become an online superstore from the “ Earth’s biggest bookstore. ” Expenses continued to accumulate as they acquired more inventory, which created a need for more warehousing, inventory management, and support accordingly.

The company continued to invest in their growth and expanded its marketplace business model through a series of equity partnerships with online retailers. Amazon showed that it was a company committed to developing best in class business practices by the amount they invested in their growth and acquiring key business figures from leading retailers. As with most dot com companies, their spending caught up to them and they were struggling in the red. The stock price fell from $113 in Dec 2009 to around $15 at 2000’s year-end. Bezos had an uphill battle but was determined to posting a positive cash flow by 2001 year-end.

He realized they needed to do more than increase revenues and retain customers to sustain value. Amazon’s biggest hope to achieving their aggressive goal was their digital business infrastructure. In efforts to deal with competitive threats Amazon made a decision to shut down its online toy store and partner with Toys “ R” Us. Adding infrastructure services to its business model will hopefully be another key component to push Amazon to the black and continued growth. What were the forces at work on the company? ? With their position in the industry after the IPO in 1997 came a significant increase in expenses.

Dealing with the compounding of rising expenses proved to be a learning experience for the company and they eventually found that perhaps they initially bit off more than they could chew in 2001. In order to maintain a competitive position, Amazon needs to increase their profitability. Senior management, shareholders, and the board of directors all felt the pressure to succeed in a very fast paced environment and due to the bear market, very tough economic times. All parties involved realized the critical importance of this time. Amazon would either shine through the turmoil or crash and burn like many of it’s competitors.

What is the industry? ?? Amazon’s primary industry is the retail industry. More specifically, the online retail industry. They are also involved in international business, so the worldwide retail industry. Who are/were the competitors? ? Competitors are other online retail companies and online auction companies such as EBay and Half. com. Also, discount online companies such as Overstock. com, and any store selling the following products: Books, VHS, DVD, CDs, MP3s, computer software, Video Games, Electronics, Apparel, Furniture, Food, and Toys. Discuss the impact of IT on the evolution of Amazon's business model and business performance.

IT is the most significant driver of the company’s business performance. When the company moved to their online store in 1995, this was the biggest move that Bezos could or ever will make for the company. The evolution of Amazon’s business is directly dependent upon and correlated with the technology world. Internally, Amazon's devotion to their IT is another key driver to their success as a company thus far. They invested significantly to build a state-of-the-art digital infrastructure, which is a distinguishing element to their company. Discuss how IT enabled strategy innovation through product and market expansions and enhancements.

IT was the leading factor in the development of the digital business infrastructure. This enhancement will prove to be a key component to Amazon maintaining a competitive position in its industry. At it's low in 2000; Amazon looked to increase profitability by partnering with traditional businesses (Toys " R" Us) that were in need of developing an IT side of their business but did not have the immediate needs to. The need for IT by traditional business opened Amazon up to a whole new business model that will help in driving them towards their goal of profitability by 2001's year-end.

Discuss how IT enabled the organizational capabilities necessary to execute the evolving strategy. If Amazon did not have such a capable and leading IT department, they would have most likely gone over the brink to bankruptcy. The IT department provided many alternatives to the company, while working hard to provide best in class services, they were able to set themselves apart as a leading organization and encourage consumers to want to shop with them and retailers to want to partner with them. The IT department was the most significant driver in the company's potential business success after a devastating 2000.