Critical ability to control shipping costs. millions of

Business, Management

Critical issues for Amazon:(i)   Shipping Costs(ii)   Data Loss and Security Breaches Shipping Costs: The key to Amazon's success is its ability to control shipping costs.

Millions of people are paying for the free shipping feature offered via Amazon Prime membership. Serving those customers and keeping them happy is a core concept of Amazon's business policy, but right now the biggest hurdle is that shipping could become a considerably large problem for the company. In its 10-K form Amazon stated that " A failure to optimize inventory in our fulfilment network will increase our net shipping cost by requiring long-zone or partial shipments". Inventory management issues and the limited number of shipping companies Amazon works with could cause an increase in shipping costs. Currently, Amazon does not control its own deliveries but instead relies on delivery services such as FedEx, UPS and USPS. As a result, it has received a lot of criticism regarding late deliveries and inadequate attempts being made to deliver the order by the USPS and late deliveries by FedEx and UPS failing to keep up with 2-day delivery during the holiday season. Data Loss and Security Breaches: The biggest risk facing Amazon is hackers. No company can completely guarantee that its security won't be breached.

That's a very big concern at Amazon as the information of millions of credit-cards holders could be compromised. Amazon could also have its webstore knocked offline. In its 10-K form Amazon stated that " As a result of our services being web-based and the fact that we process, store, and transmit large amounts of data, including personal information, for our customers, failure to prevent or mitigate data loss or other security breaches, including

breaches of our vendors' technology and systems, could expose us or our customers to a risk of loss or misuse of such information". Amazon also acknowledged that it does use some third-party technology and that could be breached as well. Strategic options available to Amazon: Shipping Costs: A potential solution to this problem would be for Amazon to develop its own delivery service or outsource delivery to people in an Uber-like fashion by registering the delivery people and having them take the recipient's signature upon delivery. Data Loss and Security Breaches: There are a number of actions available that when performed together work in limiting the value of the data that could be stolen. They are: 1.   Tracing all processes within the organization that collect, view, or manipulate personal and confidential data, and making sure that they are encrypted at their source, 2.

Encrypting any sensitive data that must be stored and storing the keys at a different location from that of the data, 3.   Regularly logging and auditing all access and manipulation of data, and 4.   Using automated scanning technology to constantly monitor the network and applications for vulnerabilities and malware. Recommendations for moving forward: Moving forward, I recommend that Amazon take the adequate measures suggested to prevent data loss and security breaches. Regarding shipping costs, I think it would be beneficial for Amazon to go with the plan to outsource the delivery of packages in an Uber-like way compared to developing its own delivery service as it can cut vehicle and fuel costs considerably , increase the customer base by registering the delivery persons (and perhaps using Amazon gift-cards/credit as remuneration instead of cash payment for work)

increasing the number of users registered with Amazon and increase

customer satisfaction by helping more deliveries being made on

time. References: 1.   https://www. sec.

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