



Amazon

Expectation relative to market segment
Outperform

Technology Segment
Enterprise Applications

Ticker Exchange Bloomberg
AMZN NASD NH NUC <GO>

Analyst
Ian Campbell
ian@NucleusResearch.com

Holiday e-commerce boom and continued cloud growth, both from new customer acquisition and existing customer expansion, fuel strong performance this quarter.

COMPANY

Amazon is an American technology company that specializes in e-commerce, cloud computing, digital streaming, and artificial intelligence. It has expanded to handle its own shipping and fulfillment operations, and constructs and maintains proprietary data centers which underpin AWS' offerings.

MARKET

In the e-commerce space, Amazon holds the dominant position as the largest e-commerce player outside of China and this doesn't look set to change. With more consumers buying online than ever before due to COVID, and businesses adapting their technology stacks and business models to fit this change, Amazon's position looks to only become more dominant.

The other area driving value for Amazon is Amazon Web Services (AWS), its cloud computing platform and associated cloud services. The breadth of services from AWS are more comprehensive than any other current cloud offering. AWS offers a considerable number of cloud services (over 175 fully featured), including application development, data management, and data optimization. Examples include AWS Lambda for serverless computing, multiple container deployment, and orchestration tools, and Amazon SageMaker and Amazon Forecast for managing, deploying, and training machine learning models, and for leveraging machine learning for time series analysis and forecasting, respectively. Growth looks set to continue in future quarters as customers who are only now adopting first-level cloud services like standard hosting will continue to expand their footprints and leverage additional services in the interest of becoming more cloud-native.

Price 11/02/2020 \$3232.58
52 week range \$1626.03 - \$3552.25

MARKET POSITION



RELATIVE SOLUTION COST

IBM	100%
Amazon	100%
Microsoft	91%
Google	91%
Oracle	80%

Relative cost to a customer based on typical mid-sized deployments during the past 6 months.

CUSTOMER PERCEPTION

> 95 Positive

Analyst estimate based on feedback from customers and prospects during the past 6 months

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COMPETITION

On the e-commerce front, Amazon does not face serious competition for dominance as the go-to e-commerce platform for the bulk of Western consumers. Walmart has plans to modernize its business model by leveraging its vast store network and upgrade its shipping infrastructure to better compete, however it will be some time before it can deliver a meaningful alternative.

In cloud computing and services, AWS is leader by market share above Microsoft (Azure), Google, IBM, Oracle, and a series of smaller vendors. Particularly among business-to-consumer and online-based companies, Amazon is the dominant cloud provider. It continues to add new services as a way of increasing the value of the platform, expanding new capabilities for containerization, application monitoring and integration, data management and analytics, and cloud security, among others. While other vendors are looking to add capabilities in these areas as well, AWS will be able to outpace or at the very least, keep pace, with competitors.

OUTLOOK

Over the next six months, Nucleus expects Amazon to continue to outperform its competition. It really is occupying a “best of both worlds” type position as it enjoys dominance over two of the most growth-heavy markets since the start of the pandemic (those being e-commerce and cloud computing). In the longer term, its strong technological capability (and talent pool) position it well to continue to execute on roadmap items to maintain or increase market dominance. With so many businesses permanently changing to become more cloud-native and enabled for business over the internet, Amazon is well-positioned to continue meeting the increasingly inelastic customer needs for cloud hosting, services, and its e-commerce platform. Customers indicate they are expanding their AWS footprints and are building long-term internal roadmap items with the AWS partnership in mind. In addition to positive market factors, strong customer sentiment and positive momentum contribute to Amazon’s positive performance.