Student’s Name

Course Instructor

Course Title

Date

AMAZON

Amazon is one of the greatest technology companies renowned globally. Its headquarters are in the United States of America at a place known as Seattle. It deals with many products some of which include artificial intelligence, cloud computing, as well as e-commerce.

Amazon boasts of being one of the largest technology companies globally. The size of a company is measured in terms of its market capitalization and the share of the revenue it raises. . It is dominant in the e-commerce marketplace and cloud computing platforms. Amazon was founded on July, 5th 1994 by Jeff Bezoz as an online bookshop before venturing into other products like video downloads/streaming, MP3 and audio download/streaming, among other products.

Amazon being a multinational company has different retail online stores for different nations (Emily). The products sold in their various retail stores are shipped to different countries all over the world with more than 100 million subscribed to Amazon Prime.

In terms of size, Amazon is renowned for being the largest company dealing with internet globally. It matters of employment, it is the second largest in America as it employs very many people. Its market capitalization surpassed that of Walmart, one of the largest companies in the world. The Market Capitalization named it the retailer that was valued by many people in the United States. It took over the operations at the Whole Foods Market in 2017 at the cost of $13.4 billion thus increasing its presence immensely as a brick-and-mortar retailer. The taking over was translated as an attempt to compete Walmart in its traditional stores (Emily).

Amazon was listed as a public company in May, 1997, three years after being incorporated by Jeff Bezoz. It delved into the international market in 1998 after being allowed in the United Kingdom, and Germany markets as an online bookseller. The following year it sold more products including, home improvement items, consumer electronics, software, toys, video games, and games.

It later introduced Amazon Web Services (AWS) in 2002 to help with the provision of data Web popularity, internet traffic patterns and any statistics that are important to marketers and developers. As AWS grew with the introduction of Elastic Computer Cloud (EC2), leasing computer processing power and simple storage service (S3), that is known to rent data storage on the internet. In 2006, Amazon started a program known as Fulfillment which aimed at managing individual inventories and small businesses selling their products via the internet site of the company (Emily). The company later acquired Kiva Systems to help in the automation of its inventory-management. Five years later Amazon purchased supermarket chain belonging to Whole Foods Market.

Amazon also embraces partnerships with other businesses to promote its products and even gain in terms of wider markets for their merchandise. Having a variety of products in the market is another milestone it sells the name of the company far and wide translating to more sales ("AMZN Income Statement").

Being a tech company, Amazon has invested heavily on machines to make work efficient. With the help of robots, they can handle large quantities of work within a reasonable time, reducing defects, thus resulting in lower prices. Its remarkable success lies in the incorporation of state-of-the-art technology and investing in the right infrastructure.

Constant expansion is another secret behind the organization's rapid growth. The expansion increases the company's capacity to reach more markets translating to more sales and profit.

A look at Amazon’s financial statement gives an impression of a company on the right path. Comparing the metrics of the previous years with the most recent years shows a constant improvement in the amount of total revenue the company is generating, from $135,987 million, in 2016 to $232,887 million in 2018. A steady rise in Income After Tax, from $2467 million in 2016 to $10,073 million in 2018 is a good indicator of a company that’s on the growth path. Even though the Operating Expenses are high especially in 2018, the profit margin is at the peak compared to the previous years. For a steady growth, a tech company must keep with the latest technology in the market, and that is the reason Amazon is rising to the top of the market.

The Financial Statement below gives a complete breakdown of Amazon has been performing in the three consecutive years.

|  |  |  |  |
| --- | --- | --- | --- |
| **Annual data****(Millions in US $)** | **2018-12-31** | **2017-12-31** | **2016-12-31** |
| **Revenue** | $232,887 | $177,866 | $135,987 |
| Cost of Goods sold | $139,156 | $111,934 | $88,265 |
| **Gross profit** | $93,731 | $65,932 | $93,731 |
| Research and Development | $28,837 | $72,620 | $16,085 |
| SG &A Expenses | $52,177 | $38,992 | $27,284 |
| Other Operating Expenses | $-296 | $-214 | $-167 |
| Operating Expenses | $220,446 | $173,760 | $131,801 |
| **Operating Income** | $12,421 | $4,106 | $4,186 |
| Total Non-operating Income/Expenses | $-1160 | $-300 | $-294 |
| **Pre Tax Income** | $11,261 | $3806 | $3892 |
| Income Taxes | $1197 | $769 | $1425 |
| **Income after taxes** | $10,064 | $3037 | $3467 |
| Other Income | - | - | - |
| **Income From Cont. Operations** | $10,073 | $3033 | $2371 |
| Income from Discontinued Operations | - | - | - |
| **Net Income** | $10,073 | $3033 | $2371 |
| EBITDA | $27,762 | $15,584 | $12,302 |
| EBIT | $12,421 | $4106 | $4186 |
| Basic Share Outstanding | 487 | 480 | 474 |
| Shares Outstanding | 500 | 493 | 484 |
| Basic EPS | $20.68 | $6.32 | $5.01 |
| EPS –**Earning Per Share** | $20.14 | $6.15 | $4.90 |

As seen in the above table, one can easily see consistent growth in the amount the company generates in revenue ("AMZN Income Statement").. Despite the huge expenditure in the operating expense part, the company is still left with something reasonable in the net income. The money being spent on research is fairly significant, thus shows how the company invests in new technology.

Amazon is on the path of steady growth since for the three financial years covered, there has not been an instance of remarkable contraction. It has not registered a loss in the three consecutive years covered.

One can, therefore, deduce from this analysis that Amazon is in the path of constant growth. The massive investment the company has put on research and development is a clear indicator that it values quality in their products and efficiency on how they serve their customers.

Works Cited

"AMZN Income Statement." www.nasdaq.com/symbol/amzn/financials?query=income-statement.

Emily E. Fulkerson, *Ever Wondered How People and Robots Team up on Your Amazon Oder, April 6 2019*.