SWOT Assessment: Amazon Web Services

Analyzing the strengths, weaknesses, opportunities, and threats

Summary

Catalyst

The cloud computing market has reached a position of maturity with vendors such as AWS having more than 10 years' experience as cloud service providers. In this time the market has evolved, with cloud service providers offering a wide range of different services to meet the needs of business customers. AWS is no exception. It has a reputation for innovation, which has benefited it over the last few years to become and remain a leading provider in this area. It provides a huge marketplace of applications, and the extensive partner ecosystem it has built to support its cloud offerings provides customers with greater choice when selecting solutions.

Key messages

- AWS benefits from a large marketplace offering 39 categories and more than 7,000 listings from more than 1,500 independent software vendors.
- AWS is attractively priced, with features such as AWS Trusted Advisor, which is a tool to enable customers to optimize their spending on AWS.
- AWS has cloud services that span 69 "Availability Zones" within 22 geographic "Regions" with plans for 16 more Availability Zones and five more Regions in Indonesia, Italy, Japan, South Africa, and Spain.
- AWS has been expanding its services to support virtually any cloud workload and must continue to innovate to remain ahead of the competition.

Omdia view

AWS's wide range of features demonstrates its relevance to enterprise customers, with capabilities and strategies for the future direction of cloud computing. Omdia believes AWS has a clear strategic objective that enables it to innovate quickly, but AWS can equally change its plans. For example, in the container management platforms market, AWS developed ECS based on its proprietary technology to make optimum use of the AWS platform, but it quickly developed and released EKS when Kubernetes became a popular choice and the leading open source approach. AWS supports both offerings so customers can select the approach that best meets their needs. AWS has cemented its position as a global leader in the cloud services provider market.

Recommendations for enterprises

Why consider AWS?

As a market leader there are many features that make AWS attractive to enterprises. One area is the service quality available, where AWS provides SLAs covered under a legal agreement on a wide range of its offerings. For example, in the compute services area, the SLAs are based on three service quality metrics that are measured monthly, with customer credits awarded based on AWS's

performance. This will appeal to overstretched IT departments that need to be able to offload the smooth running of operations, allowing them to concentrate on more strategic tasks.

SWOT analysis

Strengths

AWS offers a number of features to ensure high availability

AWS has 76 Availability Zones in 24 Regions and has plans for nine more Availability Zones and three more Regions (Indonesia, Japan, and Spain) with more to follow. It is not only the number of different locations that makes AWS strong in its ability to provide high availability, but also the fact that it has 26 compute-optimized instances, 22 storage-optimized instances, and 56 memory-optimized instances for customers to choose from. Having this degree of choice combined with the tooling enables customers to find the correct instance type for the workload.

AWS has in excess of 175 IaaS and PaaS services

AWS is also strong in terms of its service offerings. It has more than 175 fully featured services for compute, storage, databases, networking, analytics,machine learning and artificial intelligence (AI), Internet of Things (IoT), mobile, security, hybrid, virtual and augmented reality (VR and AR), and media, It also has application development, deployment, and management sevices. Service deployment and availability is driven by customer demand, so not all services are available in all regions. AWS also makes its pricing of these services publicly available, so customers know the cost and the terms and conditions before they select a service.

AWS's partner ecosystem benefits customers by providing greater solution choice

AWS benefits from its extensive partner ecosystem, which it has built to support its cloud offerings. This provides customers with greater choice when selecting solutions. Over 60% of the AWS Partner Network are headquartered outside the US, and EMEA is the region with the most non-US headquartered APN Partners. Its long history of being a cloud provider and its culture of innovation is another strength for AWS.

Weaknesses

Dealing with increased complexity

AWS has expanded its depth and breadth of services it provides, which while a positive in terms of capabilities also introduces a challenge in terms of how all these services are presented to customers. Omdia considers that AWS must continue to evolve its packaging so customers can discover those services that are most relevant and of interest to them.

Opportunities

The attractive pricing of AWS will make its services attractive to customers

A common perception about AWS is that as a global leader it charges a premium for the services it offers. In reality, AWS's prices are lower than those of some of its competitors. However, Omdia

cautions that because all cloud providers review prices regularly, any price comparison is only valid at the point it is made. Another strength of AWS, which will make the proposition attractive, is that its tools enable customers to gain visibility of current and future spending. Omdia believes the AWS Trusted Advisor capability is an example of a tool to enable customers to optimize their spending on AWS. Capabilities such as this provide AWS with the opportunity to increase take-up.

The AWS Marketplace's growing number of software listings provides opportunities to expand its customer base

The AWS Marketplace is a large and rapidly growing business area, with more than 7,000 software listings from 1,500 ISVs. The other key capability of the AWS marketplace is the growth of market-vertical solutions and new technologies such as AI/ML. AWS customers can also subscribe to a diverse selection of third-party data in AWS Marketplace with a newly launched services AWS Data Exchange. Data products cover a wide range of industries from qualified data providers including Reuters, Foursquare, TransUnion, Change Healthcare, Virtusa, Pitney Bowes, and many others. Omdia believes AWS must look to generate market-specific marketplaces, as well as a general marketplace, to appeal to customers that have specific requirements.

Threats

AWS must continue to expand its offerings and grow its marketplace in order to stay ahead of the competition

AWS a lead over its competitors in terms of its cloud offerings. However, Microsoft Azure is adopting a number of strategic partnerships that have expanded its offering to make them more appealing to the enterprise market. It has also won a number of significant customers in key market verticals, particularly in the retail sector where AWS's parent company Amazon is seen as a competitor. AWS must continue to grow its marketplace and the capabilities it offers to stay ahead of Microsoft and the rest of the competition.

Data sheet

Key facts about the solution

Table 1: Data sheet: AWS

Product name	AWS	Product classification	public cloud
Version number	n/a	Release date	n/a
Industries covered	market vertical solutions for financial services, healthcare and life sciences, public sector	Geographies covered	global
Relevant company sizes	All	Platforms supported	Windows and Linux
Languages supported	English, German, Spanish, Japanese, Portuguese, Chinese, Korean, French, Mandarin Chinese, Japanese	Licensing options	Sellers can sell under their own end user license agreement, or under the Enterprise Contract for AWS Marketplace. With Seller Private Offers, ISVs and customers can subscribe to offers in AWS Marketplace using custom, mutually agreed terms.
Deployment options	cloud	Routes to market	n/a
URL	www.aws.amazon.com	Company headquarters	Seattle, WA, US

Source: Omdia

Appendix

Methodology

Omdia SWOT Assessments are independent reviews carried out using Omdia's evaluation model for the relevant technology area, supported by conversations with vendors, users, and service providers of the solution concerned, and in-depth secondary research.

Further reading

Ovum Decision Matrix: Selecting a Cloud Services Provider, 2019–20, INT003-000382 (September 2019)

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