Background:

* + Due to the Coronavirus pandemic, e-commerce has experienced a massive increase of use, resulting in a high demand for package deliveries.
  + According to the Global Research analyst, Justin Post, Amazon’s enormous investment in logistics has not only created a valuable asset for the company but will also allow Amazon to become a major player in the package delivery industry. Amazon could be worth up to $230 billion by the year 2025.
  + Amazon already has about one fifth of the package market for business-to-consumer deliveries in the United States.
  + Amazon’s network consists of 500 logistics facilities across the United States and 1,100 worldwide. In addition, Amazon is investing $1.5 billion in a 3-million-square foot central hub in Kentucky which will be opening next year.
    - “800+ third-party delivery service partners and 20,000 delivery vans, thousands of contractors, 40 aircrafts, and 200,000 sortation robots”
  + Amazon’s vast logistics network is already competing with UPS, FedEx, and the U.S. Postal Service, the largest delivery companies in the world.

1. **Problem Statement:**
   * How can Amazon succeed in the competitive delivery services industry while keeping a balance of retaining profit in their other sectors.

OR

* + Amazon’s industry-leading logistics has provided them with the opportunity to expand their package delivery capabilities to third parties that are not using Amazon’s fulfillment services.

1. **Solutions:**
   * Amazon could expand their package delivery to a third party like outsourcing by taking a 15% share of delivery on items not sold on Amazon.
   * Amazon’s recent investment in a 3-million-square foot central hub, could be utilized for space to expand their delivery services.
   * Evaluate the logistics that will be needed for the expansion of Amazon’s delivery capabilities to third parties.
2. **Recommendation:**
   * Amazon can expand their package delivery to third parties by taking a 15% share of delivery on items not sold on Amazon.
     + Implement the use of new or existing capacity within the company
     + Adds a high-margin service for the company.
     + Result in a substantial increase of their services revenue
3. **Measures of Success:** 3 measures that would prove if your recommendation was successful
   * Financial metrics
     + Return on investment
     + Inventory turnover
     + Debt to equity ratio
     + Working capital
   * Service level
     + Customer satisfaction from percentage of orders delivered on time, orders damaged, and Amazon reviews
   * SaaS metrics
     + Customer churn rate
     + Monthly recurring revenue
     + Customer retention rate