Amazon's cloud-computing unit takes a new approach in battle with rivals: advertising

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Amazon Web Services has defeated IBM in a competition for lucrative federal contracts, threatened Microsoft's core businesses, and reshaped corporate technology.

In the past few months, the cloud-computing unit of the online retail giant has taken a page from the playbook of some of its more traditional competitors: It started advertising.

Ads have been splashed across billboards and in airport terminals, television spots and web videos, featuring a whiteboard full of sketches of software architecture and appeals to invent something using Amazon's collection of rented computing services.

The advertising campaign represents a milestone in AWS's march from technology upstart to one of the major players in business software, technologists and marketers say.

For many years, AWS didn't advertise, partly because it didn't have to. The service held a wide lead over the competition, and word-of-mouth was enough to catapult the company's tools atop the growing market for web-based business software.

But the once-scrappy AWS now needs to focus on winning over CEOs and corporate boards to continue to grow, company insiders and observers say. Amazon also faces intense competition from well-funded rivals, many of which are already spending heavily to attract those

potential customers.

Amazon "is out to get the enterprise," said Dave Bartoletti, an analyst with Forrester Research who tracks cloud computing. "They're trying to get to the next level, which is, 'How do you reach executives at big companies?'"

AWS is Amazon's profit engine, accounting for twice the operating income of Amazon's North American retail arm. The division brought in $3.9 billion in operating income before taxes during the 12 months ended in September, on $15.8 billion in sales.

AWS became a cloud-computing giant without an [ad campaign](), an approach that mirrored the heads-down, build-it-and-they-will-come philosophy that transformed Amazon's online bookstore into a gigantic marketplace for merchandise of all kinds.

Amazon.com founder Jeff Bezos pushed the company to build its brand by relying on good service rather than running flashy publicity campaigns. "If you do build a great experience, customers tell each other about that," he told Businessweek magazine in 2004. "Word of mouth is very powerful."

Two years later, AWS became the first company to offer rented computing infrastructure online on a wide scale, and the unit followed Bezos' guidance.

Many of the first users were software developers and other technologists who, armed with credit cards, could tap into the computing power stored in Amazon's server farms. The word spread around the tight-knit software community, making customers out of digital natives like Airbnb, Netflix and Pinterest.

But in recent years, the kind of cloud-computing services AWS sells has gone mainstream. Big, established companies like banks and retailers are running more of their technology on AWS - threatening the traditional businesses of companies like Microsoft, IBM and Oracle.

Amazon's rivals fought back on two fronts: They followed AWS into the cloud, selling similar services to their own customers. And they launched advertising campaigns aimed at slowing AWS's momentum.

Shortly after Amazon elbowed out IBM to win a high-profile contract to provide data-center services to the Central Intelligence Agency, IBM plastered buses in Las Vegas with ads for its services as visitors gathered for Amazon's 2013 "re: Invent" conference.

Meanwhile, Microsoft has made its cloud-computing services a focus of its $1.5 billion advertising budget. After a couple of years spent testing the water with limited advertising experiments, AWS decided to strike back this year with its first major brand campaign, which began in September.

David Winter, who left AWS in April after a few years working in sales, was recently in an airport bar waiting for a flight over a beer with a colleague when an advertisement for his former company shot across an ad screen on the wall.

"I'm like, 'That's an Amazon ad,'?" said Winter, who works for cloud-computing startup Cloudability. "They've never done anything like that before."

The ad campaign, designed by Seattle digital marketing firm Wongdoody, centers its pitch on invention. "Build On AWS" blankets mock whiteboards.

Video spots start with that image, moving on to scenes of developers figuring out a problem in a hip office space, and a team eating at a lunch counter and jotting ideas on a napkin.

"It's a classic emotional appeal," said Bryan Cummings, chief creative officer with Seattle marketing agency the Garrigan Lyman Group, which wasn't involved with the campaign. "There's something romantic about being builders. They've kept something tangible and real in it."

Amazon also retooled the AWS logo, forsaking the cluster of orange building blocks that had symbolized the service in favor of AWS lettering atop Amazon's smile-shaped arrow.

Forrester's Bartoletti says the campaign is different from many efforts to win over business-technology buyers.

"Traditional business-to-business marketing is really this complex 'you need to hire us for 16 years to help incrementally upgrade your systems' message,'?" he said. "AWS's (theme) is more of a party. Let's build something new."

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