

Trepidation, hurt morale precede last-of-its-kind Amazon hardware event: report

Enlarge / David Limp at Amazon's hardware event in Seattle, Washington, on September 27, 2017.

reader comments

111 with

As Amazon prepares for its annual hardware event tomorrow, Reuters is reporting feelings of trepidation and weakened morale among the company's flailing hardware team. The beleaguered department is said to be worried about the potential of upcoming products, while being pressured by a push for cheaper hardware and the impending departure of long-time department head David Limp.

Reuters' report today cited "more than 15 current and former employees" of Amazon's Lab126 for developing hardware. The publication said it was able to uncover five devices Amazon was developing:

- Carbon monoxide detector with Alexa
- Household energy consumption monitor with Alexa
- Digital measuring device with Alexa
- Virus-testing device that was originally "intended to detect COVID," Reuters said
- Home projector

Some of Reuters' sources pointed to additional projects, but the publication couldn't verify full details. Amazon says it

doesn't comment on products in development.

Reuters pointed to a notable change in Amazon's approach to generating revenue from Alexa-powered gadgets in "recent years." Amazon has been said to sell many Alexa devices, like Echo smart speakers, at cost, with the intent to make money off of purchases and digital content accessed via Alexa. But employees reportedly said leadership has been pushing for the team to lower the cost of hardware production.

"That focus on price has caused delays for an advanced projector Amazon is developing to cast images around a room, turning regular surfaces into screens, according to five people familiar with the matter," Reuters reported.

The publication added that Amazon bought the startup Lightform to aid development "but has been bent on lowering the projector's cost, previously offered by Lightform starting at \$700, by hundreds of dollars before it could be sold."

The list of products in Reuters' report don't address recently spotlighted concerns around the viability of voice assistants, which hardly generate any revenue. And with generative AI picking up unprecedented steam, there's even concern that users will turn more toward things like ChatGPT for fast, quick access and information over a voice assistant.

Advertisement

For its part, Amazon is working on generative AI but hasn't gotten into details. But if Amazon is going to continue entertaining Alexa as a business, it will need more innovative ways to frame the product than, say, a carbon monoxide detector you can speak to.

Similarly to other recent reports about Amazon, Reuters cited 12 people who reportedly worked on Alexa and said they haven't seen Alexa driving new purchases.

Weakened morale

Recent layoffs have hurt morale at Amazon's hardware division and lowered confidence in the potential of upcoming products. Workers in that division are also disheartened by Amazon's changing strategies; money losses during the last year (Insider reported that Alexa was on track to lose \$10 billion in 2022); and delays with the Amazon Astro, a niche, expensive product that has yet to be fully released almost two years after its announcement, Reuters said.

There's also uncertainty around how the division will look once Limp leaves Amazon before the end of this year. Lab126 also lost its president, Gregg Zehr, and Alexa Senior Vice President Tom Taylor in late 2022 to retirement.

When reached for comment on Reuters' story, an Amazon spokesperson shared the same statement it sent Reuters. It asserts that the Devices & Services team is excited about the future and says, in part: "To suggest that a few anecdotes paint a picture of reality for an organization as large and diverse as Devices & Services is inaccurate."

Amazon's rep also said that the Devices & Services division is working on adding to its product lineup with AI and "the next set of devices and services that we believe will make customers' lives better and easier." They also pointed to Amazon's work with self-driving taxis with Zoox and with Kuiper.

Still, under new leadership, it's feasible that Amazon's hardware team, which over the years has announced numerous lavish and unreleased products and seen some—like Halo and the Fire Phone—fail, could see its resources cut further. It's also possible the hardware team could be folded into the Amazon Web Services division, as has happened to some other Amazon divisions, as Bloomberg pointed out today.

Bloomberg reported that Amazon has a high-profile replacement on deck for Limp in Panos Panay, who, Microsoft announced yesterday, is leaving the company. Neither Amazon nor Microsoft has confirmed that Panay is coming to Amazon.

Amazon's final device event under Limp takes place tomorrow at Amazon's new Arlington, Virginia, location.

<https://arstechnica.com/?p=1969299>