

Amazon and Apple beat earnings forecasts as they polish AI skills

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E-commerce titan Amazon says its advertising business is gaining traction and it is boosting artificial intelligence capabilities at its cloud computing unit, but retail sales still drive the tech giant's revenue engine.

Amazon and Apple on Thursday reported earnings that topped market expectations, aiming for even better days ahead with the help of

artificial intelligence (AI).

"Inside Amazon, every one of our teams is working on building generative AI applications that reinvent and enhance their customers' experience," chief executive Andy Jassy said during an earnings call.

Apple views AI and machine learning as "core fundamental technologies that are integral to virtually every product that we build," company boss Tim Cook told analysts while discussing the iPhone maker's quarterly earnings.

"It's absolutely critical to us," Cook said of AI.

He cited crash detection and other iPhone features as technologies that "wouldn't be possible without AI and machine learning." Crash detection presents a user with a prompt for an emergency call if a handset senses a collision.

"We've been doing research across a wide range of AI technologies, including generative AI for years," Cook said.

"We're going to continue investing and innovating and responsibly advancing our products with these technologies."

Apple reported modestly higher profits in the recently ended quarter despite another dip in revenues, as a record performance in services offset lower iPhone sales.

Executives spotlighted increased sales in China and several key emerging markets that helped to compensate for declines in the United States where the iPhone sales have ebbed in a saturated smartphone environment.

Profits for Apple's third fiscal quarter were \$19.9 billion, up 2.3 percent from the year-ago period. Revenues again declined, this time by 1.4 percent to \$81.8 billion, the third straight quarter with a year-over-year decline.

Bright spots for the tech giant included an "all-time high" in services revenue, comprised of the App store, Apple pay and Apple TV and other subscription services.

AI for all?

Amazon reported a quarterly profit that trounced [market expectations](#), driven by [strong sales](#) helped by its annual Prime discount event.

The e-commerce giant said it made a profit of \$6.7 billion in the recently ended quarter, eclipsing earnings forecasts.



Apple CEO Tim Cook says the iPhone maker is investing in artificial intelligence it sees as 'integral' to nearly all of the company's offerings.

"It was another strong quarter of progress for Amazon," the company's chief executive Andy Jassy said in an earnings release.

The e-commerce colossus boasted of having its "biggest Prime Day event ever" in July, with subscribers to the Amazon service worldwide ordering more than 375 million items.

Order delivery speeds in the US were the fastest ever, with Amazon continuing to work on optimizing efficiency and lowering costs at

fulfillment centers, according to the company.

Jassy in March laid out a plan to cut 9,000 more jobs from the online retail giant's workforce, following the 18,000 that were axed in January.

Jassy told his workers at the time that the extra layoffs were necessary as the company seeks a way to downsize after years of sustained hiring by the Seattle-based company.

"The upturn in Amazon's commerce business is an encouraging sign for the back half of the year," said Insider Intelligence principal analyst Andrew Lipsman.

Revenue taken in by the Amazon Web Services (AWS) cloud computing unit increased to \$22 billion in a year-over-year comparison, but costs climbed as well, resulting in a lower operating income than in the same period in 2022.

"Our AWS growth stabilized as customers started shifting from cost optimization to new workload deployment," Jassy said.

"AWS has continued to add to its meaningful leadership position in the cloud with a slew of generative AI releases."

AWS remains a concern, however, and pressure is on to show growth as the broader economy recovers and companies invest in cloud-based computing power, according to analyst Lipsman.

Amazon is seeing more businesses focus on shifting systems to the cloud, where they can save money and tap into AI capabilities, Jassy said on the earnings call.

AWS is investing heavily in being a place where AI models are trained

and put to work for businesses, according to Jassy.

"What we're doing is democratizing access to generative AI; lowering the cost of training and running models," Jassy said.

"We think AWS is poised to be the longterm partner of choice in general AI."

Amazon shares were up more than eight percent to \$140.25 in after market trades.

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