Future bright for Microsoft cloud computing, server president says

November 19 2009, By Sharon Pian Chan

All this week at the Professional Developers Conference, Microsoft has talked about cloud computing, what many consider the next frontier. Bob Muglia, president of the company's Server and Tools business, sat down to talk more about the cloud and the opportunity ahead for Microsoft.

Even among tech geeks, there is confusion and debate over what cloud computing is, even as many consumers are already well schooled with cloud services such as Hotmail, Facebook, iTunes or Flickr.

Over time, more companies will build similar Web-based services that live on remote servers, rather than being stored in a personal computer.

Microsoft launched Windows Azure for developers this week, hoping the operating system for the cloud draws them over competing offerings from Google, Amazon.com, Yahoo and Salesforce.com.

Poking fun at the confusion around cloud computing, Muglia appeared in a video during his Tuesday keynote at PDC.

Called "Bob Muglia. Life Coach," it depicts Muglia helping a man dressed as a cloud with an identity crisis. At the end, the 22-year Microsoft veteran jumps around, Steve Ballmer style, exhorting the cloud to "Soar! Soar! Soar!" The cloud then jumps off the side of the building.

Here are edited excerpts of the interview with Muglia:

Question: So what was the thinking behind you playing a life coach to a man in a cloud suit?

Answer: I think the cloud is fairly confusing to people -- what it really is, the nature of the cloud and the way it's been defined. I've watched it evolve in the industry. If you look at definitions from 18 months ago, it's hard for everybody to keep up with it.

Q: Let's say your child's schoolteacher asked you what the cloud is. What would you say?

A: A cloud is a whole broad way to provide an array of services to people of all types and companies of all types.

If you look at the way consumers work with (online) services, it is almost all cloud driven: e-mail, Twitter, Facebook, online shopping. ... Businesses are (also) looking at how to bring their applications up internally.

As people first built applications and hosted them on the Web, we've learned an awful lot about what it means to develop this next generation of applications that lowers the cost of running them and improves the effectiveness.

I do my home banking on Sunday morning most of the time. About once a month or every other month, that's when they update it (and I can't access it). ...

That happens all the time and it shouldn't happen. ... You don't expect to see Bing or Google down. They're supposed to not be down.

The other thing is the promise of this: You've got unbelievable amounts of computing power that are becoming available from hardware. ... I'm a very strong believer that the opportunity to actually do useful things with useful data exceeds the speed of Moore's law. The business opportunities to work with that (available) information are unbelievable.

You can do simulations that can be done around drug discovery and understanding genetics as an example or in scientific research or market and trends and analysis. All of those are examples that can include vast amounts of computing power.

Cloud will make it available to companies at a fraction of the cost and will put it in the hands of even the smallest company.

Q: What is the size of the opportunity here for Microsoft?

A: Cloud computing is the future of how software will be delivered. Software you install on PCs, that's not going to go away, but that software is going to be connected to cloud services.

If you look at what we create for customers, almost all of that will have components of the cloud, in some cases it will be entirely on the cloud. Over time the services will become bigger and bigger part of Microsoft.

It's not like tomorrow half of Microsoft's revenue is going to come from the cloud. If you look out 10 years, that's very reasonable to assume that (it will).

Q: What investment has Microsoft made in this?

A: It's a fairly large (research and development) effort on our part. We're building these gigantic data centers around the world.

Microsoft has already become the largest purchaser of servers made by OEMs (hardware manufacturers). It's a very, very major investment for us both in terms of R&D efforts together with the data centers.

Q: What happened with the plans to turn Quincy, Wash., into a data center for Windows Azure?

A: The reason it's actually in Chicago is because Quincy filled up. We're out of capacity in Quincy. We still have room in Chicago. Right now Chicago still has reasonable capacity and it's being used reasonably, but we're buying a lot of servers to take on Yahoo (if the Microsoft-Yahoo search partnership is approved).

Q: Is this new revenue going to replace existing Microsoft business?

A: We'll continue to sell software. The cloud will very much augment that.

There will be times when people will choose to sell the cloud, there will be other times that people run things in both.

Q: Other thoughts?

A: The most important message is Microsoft is committed to delivering major innovations that will help the whole industry moving forward. We'll continue to work the way we've always worked; we'll work with partners. We are fully embracing this new world.

We know it's going to change the way software is delivered and Microsoft is right there and we're going to help our customers move forward to the cloud.

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