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## The Microsoft Cloud is Entering China

August 29, 2011 by [Brad Walz](#)

The United States may still be leading in cloud computing sales, but China's appetite for cloud computing services may be growing faster than the United States. Gartner found that 55 percent of Chinese respondents are willing to spend 10 percent of their total IT budget on cloud computing compared to 42 percent in Europe and 49 percent in the United States. Microsoft said it will work with a Chinese operating system developer to create cloud computing products for the country's market, a move that could help it sell to China's government agencies. Microsoft's agreement with China Standard involves the two companies jointly developing and selling private and public cloud computing products based on Microsoft's Hyper-V Open Cloud architecture. The products will also work with China Standard's NeoKylin Linux Server operating system, which has already been approved by a number of Chinese government ministries.

Microsoft's move is not surprising given that business is routinely conducted on a global scope, but it is somewhat concerning because it means that the Chinese market for cloud computing services is significant enough to attract the attention of big companies like Microsoft. This also means that if Microsoft wants to launch its cloud computing architecture in China, that China has the infrastructure to support Microsoft's cloud computing architecture and the consumer demand for it. The infrastructure for cloud computing services is broadband connections and data centers.

Like many other products that are manufactured in China at lower costs, the Chinese cloud computing infrastructure could ultimately cost less than the U.S. cloud computing infrastructure. If this happens, cloud computing providers may elect to operate their services from China to take advantage of the lower costs and increase profits. This move would impact U.S. consumers in a number of ways including customer service when there are periods of downtime, access to any data stored in the cloud, and the security of any data stored in the cloud. Just another thing the cloud computing consumer needs to keep its eye on and be aware of when selecting a cloud computing provider.



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