

Microsoft AT&T's cloud venture is latest in Big Tech and carrier consolidation trend

Article

The news: AT&T is enlisting **Microsoft** to run its next-generation mobile network, [per](#) Bloomberg. This is a major move in the race by cloud companies to lock down large carriers

and develop their 5G infrastructure. Cloud [implementation](#) of 5G can facilitate traffic from billions of connected devices with 10x less latency, 100x faster speed, and 1,000x more capacity than non-5G cloud networks. **Enterprise 5G networks** are a big [opportunity](#) that could reach **\$5.7 billion by 2024**, [per](#) IDC estimates cited by Insider.

Why it's worth watching: This [deal](#) positions Microsoft's Azure to sell more cloud services worldwide. AT&T benefits from reduced operating costs while leaving all the innovation and maintenance to Azure, the [second-largest](#) cloud services provider behind AWS.

This **collaboration** between carriers and cloud providers is an **emerging trend** and is expected to continue as 5G networks develop.

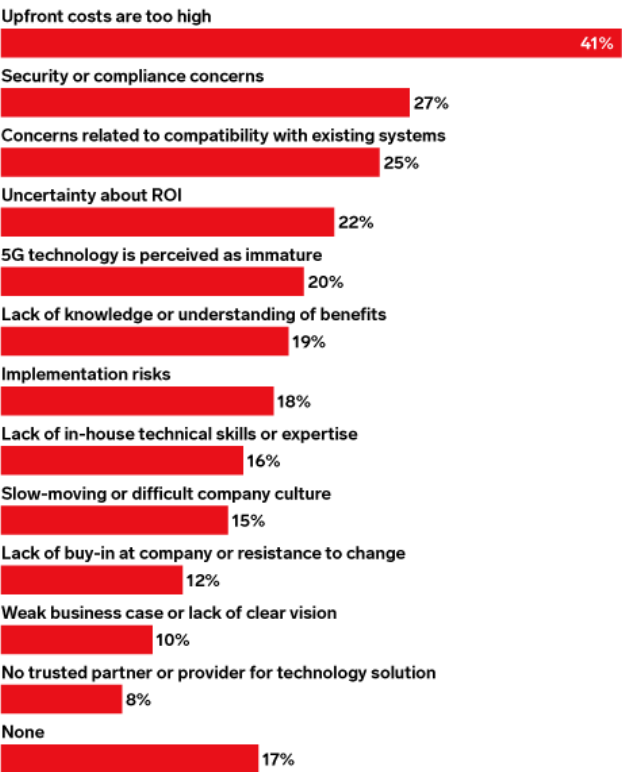
- **Verizon** and **AWS** [teamed up](#) last year to bring public mobile edge networks to 8 US cities.
- **Dish** made [a deal](#) in April to have **Amazon** run its **core 5G network**.
- **Google** announced a partnership last week with Ericsson to [provide last-mile 5G](#), albeit on a much smaller scale in conjunction with Telecom Italia.

The bigger picture: Carriers are still building out their 5G networks, which still do not generate substantial revenues. Partnering with cloud service providers helps cover development [costs](#). According to [GSMA](#) forecasts, operators are expected to spend **\$900 billion worldwide** between 2021 and 2025 on mobile capital expenditures, nearly **80%** of which will be in 5G, and much of this expenditure could run on **cloud** infrastructure.

Cloud providers are racing for ownership of 5G infrastructure. While it is still early days for 5G, we're already seeing major moves to secure the infrastructure and control the 5G cloud. Considering that cloud providers like Amazon, Google, and Microsoft have products and services that benefit from faster and more persistent connections, this could give them an unfair advantage against smaller companies that don't own a stake in the infrastructure. With regulators [closely](#) watching Big Tech, this could lead to future investigation, a possibility for which Microsoft seems to be [well prepared](#).

Barriers to the Adoption of 5G at Their Company
According to US Business Tech Professionals*,
Nov 2020

% of respondents



Note: *manager-level or higher with tech decision-making power in IT/IS infrastructure and security, application development, or wireless plans/services
Source: Verizon Business, "Verizon 5G Business Report" conducted by Morning Consult, Jan 27, 2021