



Building and Sustaining the Global Internet Economy, Together

Microsoft's perspective

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OUTLINE

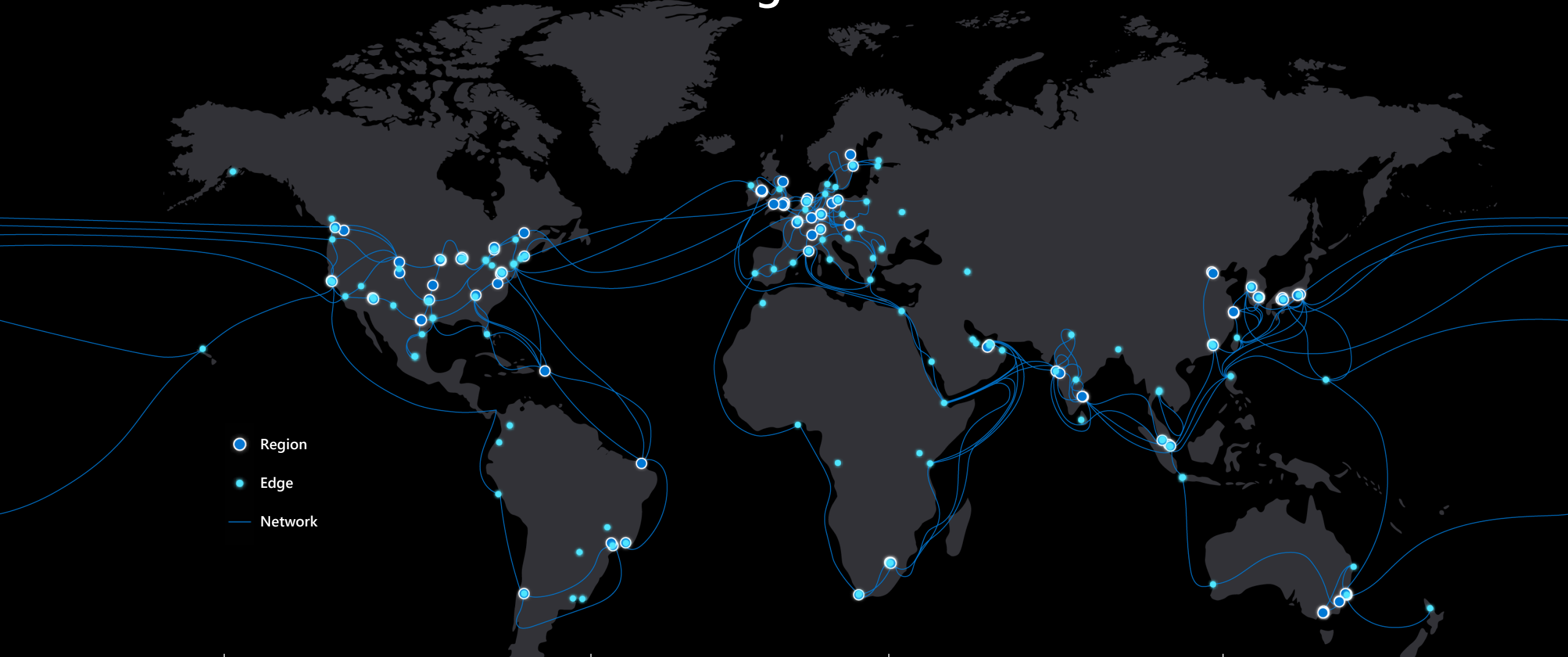
- **Introduction and important considerations**
- **Microsoft's substantial contribution to the Global Internet**
Broad participation, Deep Investments, Empowering Platforms
- **The Internet Infrastructure – Beyond Networks**
Many Layers, Many Pillars, Many Building Blocks
- **The Internet Ecosystem – Many Players**
Co-dependence, Co-investment, Collaboration
- **Closing thoughts for further consideration**

IMPORTANT CONSIDERATIONS

- The modern internet is more than a collection of networks.
- It consists of many indispensable and interdependent building blocks.
- A diverse ecosystem of many contributors sustain and transform the modern internet.
- Cloud providers invest heavily and are core contributors to the global internet infrastructure.
- Increase of demand for IP traffic is the major contributor to the sustained growth of the telco market revenue
- Most of Microsoft's enterprise cloud traffic does not traverse the public internet.
- Market-driven investments are more effective and more sustainable for the success of the global internet economy.
- Forced financial transfer from one segment to another risks destabilizing the ecosystem, stifling innovation, and reducing total investments.

As a substantial contributor to the global internet infrastructure and digital economy, Microsoft is committed to sustaining its cloud infrastructure investments and expanding its broad partnerships with businesses, including telecom operators.

Microsoft global network



65 Azure regions

225k+ miles of fiber + subsea cables

200+ Network edge sites

200+ Express Route partners

20k+ peering connections

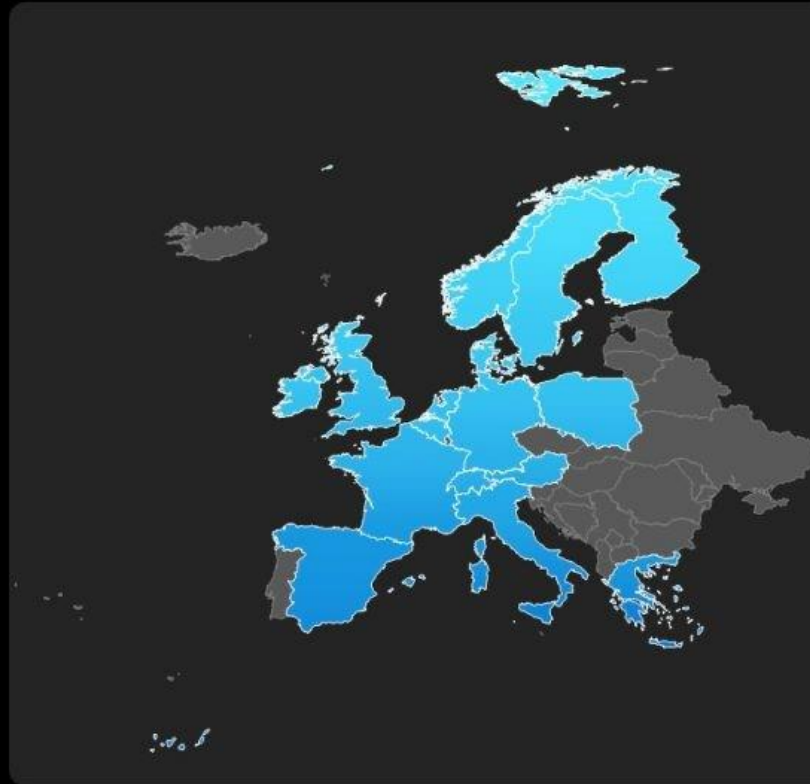
Microsoft's commitments in Europe



Building the Digital Infrastructure for Europe's Future

17 countries with local data centers built or under construction

\$12B of Microsoft capital spending in the past two years



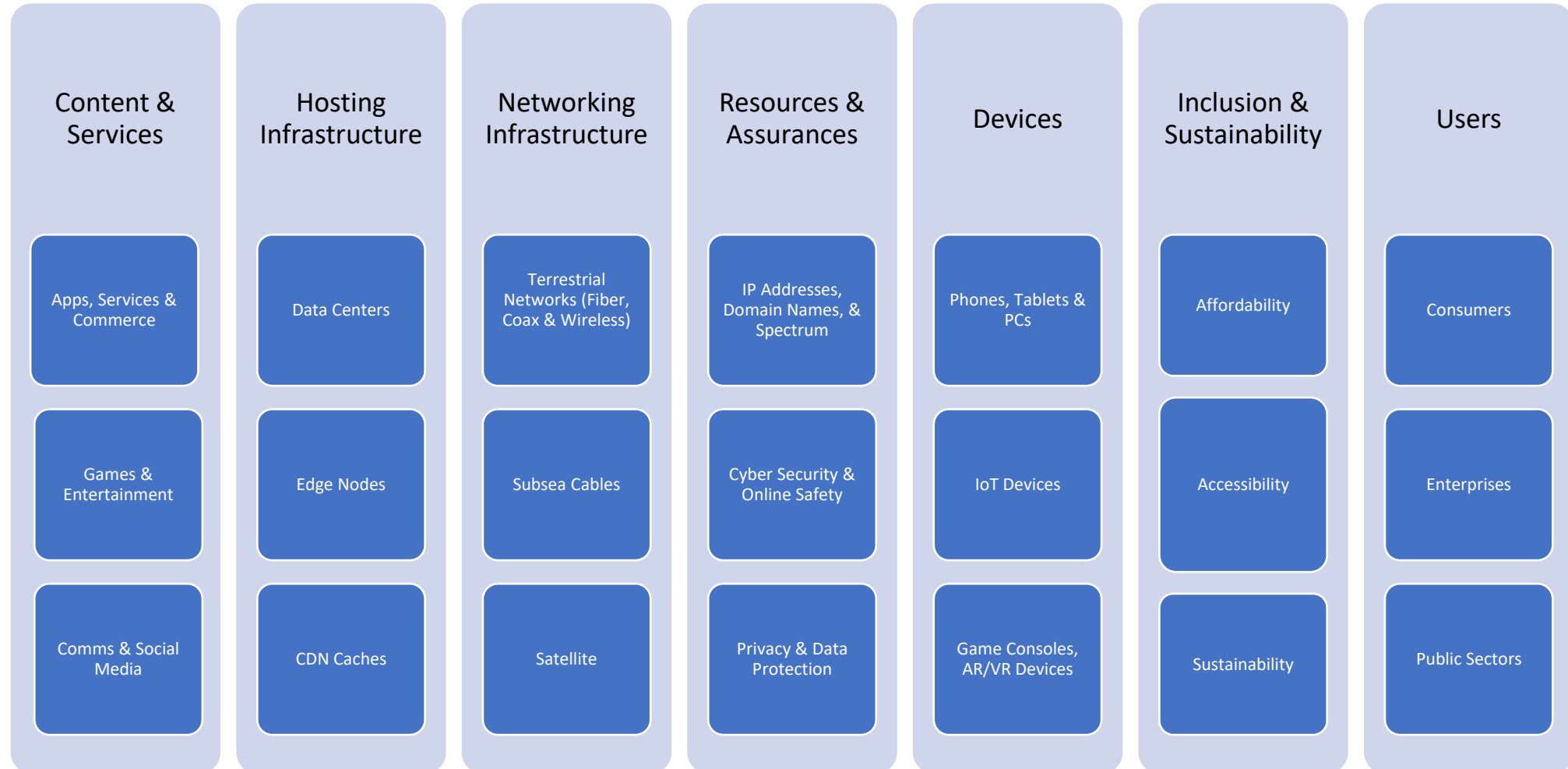
Microsoft contributes one of the largest capital investments in Europe's digital future.

With more than 40 years of presence and experience in Europe, **Microsoft is committed to sustaining its cloud infrastructure investments in Europe to support EU's 2030 Digital Decade targets.**

Microsoft is a substantial contributor to the global internet infrastructure and a major defender of the global internet through its global cybersecurity operations, another facet of Microsoft's major investments in the resilience of the global internet infrastructure.

THE INTERNET INFRASTRUCTURE – BEYOND NETWORKS

Many Layers, Many Pillars, Many Building Blocks



THE INTERNET ECOSYSTEM – MANY PLAYERS

Co-dependence, Co-investment, Collaboration

- Economic data shows that **cloud network providers and telco network providers** occupy and sustain indispensable parts of the value chain in a digital economy, and **both contribute significantly, and their investments complement each other.**
- It is important to not only understand “**who gets what**” out of the internet economy, but also to accurately depict “**who puts in what**” towards the internet economy, rather than only focusing on just the cost of the last-mile network access component.
- **Cloud providers invest broadly and deeply in both the hosting infrastructure and networking infrastructure.**
- Cloud service providers also contribute to efficient traffic management to direct, process and store the data closer to the end users to deliver cloud services **faster and more securely**, sometimes **bypassing the public internet altogether.**

Closing thoughts for further consideration

To promote a more constructive discussion that would lead to greater collaboration across industry segments, Microsoft respectfully urges to consider the following:

- **There exists no demonstrated market failure** in the internet ecosystem that would warrant a regulatory intervention.
- **Increase of demand for IP traffic is the major contributor to the sustained growth of the telco market revenue**
- **Keep in view the entirety of the digital infrastructure**, not just the telecom last-mile networks.
- **Recognize investments and contributions from all players** along the internet value chain.
- Duly consider **risks for unintended negative consequences**.



Thank You