

## Microsoft Challenges Google

Corporate America is increasingly leaving computing to the experts. Why go to the trouble and expense of building and managing complex systems to handle your spiraling data-crunching needs when another company can do it for you? And who better, faster, or cheaper than Google (GOOG)?

That's just the kind of conventional wisdom Debra Chrapaty wants to change. As Microsoft's (MSFT) corporate vice-president for Global Foundation Services, Chrapaty wants to prove that her company is no less capable of running the sprawling data centers to offer software doled out via the Internet. The company is especially keen to handle the ubiquitous Microsoft software that consumers and corporations have been running for themselves for the past few decades. "Google has done a great job of hyping" its prowess, Chrapaty says. "But we're neck and neck with them." And if Microsoft isn't there yet, it may be soon. Chrapaty, who's in charge of Microsoft's data centers, is stepping up a multibillion-dollar building binge, BusinessWeek has learned. Her group is embarking on a plan to build in the coming years some 20 supersize data centers that can cost as much as \$1 billion apiece, according to a person familiar with Microsoft's plans. "We're going to reinvent the infrastructure of our industry," Chrapaty says. She declines to discuss specifics of the plan.

### Google's Got a Head Start

The moves are designed to support what Microsoft describes as the biggest strategic shift since it first targeted the Internet in the mid-1990s. The company has unveiled a range of offerings in recent weeks that embrace what's come to be known as "cloud computing." There's Azure, a new operating system that lets companies run software either on their own computers or as a service delivered via the Internet by Microsoft. There's a new Windows Live offering that lets consumers store, retrieve, and share photos, blogs, and other Web content with friends. And Microsoft has announced an Internet version of its Exchange corporate e-mail, and plans to do the same with its Office software. If Chrapaty's group can't handle the load, many customers may decide to forgo Microsoft's products in favor of rival cloud computing services.

Traditionally, Google has positioned itself as the leader. "We've been designing infrastructure for the cloud for years," says Matt Glotzbach, a manager who works on Google Apps for corporations. "We've got a pretty big head start vs. a company like Microsoft."

### Tapping into Cheap Energy

Still, Microsoft can hold its own, says Gartner (IT) analyst David Cappuccio. "Microsoft may certainly be just as good" in areas such as energy efficiency, Cappuccio says. And amid the global economic malaise, cash-rich Microsoft and Google are alone in being able to "throw several billion dollars into something like this," says Matt Rosoff, an analyst at Directions on Microsoft.

Microsoft's bold data center strategy dates back at least five years. Before that, the company relied heavily on other hosting companies to do the work. Soon after the arrival of Chrapaty, a former chief technology officer for the NBA, Microsoft decided to bring the job in-house. When in 2005 Ray Ozzie persuaded Microsoft founder Bill Gates and CEO Steve Ballmer to make the move to online delivery of software in 2005, running data centers became even more important. Chrapaty began bringing in industry luminaries from companies including Hewlett-Packard (HPQ) and Intel (INTC)