

No Going Back—In a World Working Remotely, Microsoft Wins Big

Companies: AMZN, CHKP, CMCSA, CSCO, DELL, FTNT, GOOG/GOOGL, HPE, HPQ, IBM, MSFT, PANW

March 23, 2020

“Heard, tracked, understood, witnessed, confirmed, and you should really think about paying attention to this stuff.”

Research Question:

As the COVID-19 pandemic forces workers and students to work remotely, is the cloud entering a new phase of expansion? What is needed to keep this mass online use secure?

Key Findings

Conducting business and education affairs in the cloud is exploding into the next generation of expansion. Millions of workers and students are suddenly cast into conducting their daily routines completely online and away from offices and schools. Currently propelled by the coronavirus, this will be a permanent shift in decoupling business and education from being rooted to set, physical locations. This time, sources predict, there will be no going back. Microsoft is seen by all sources as the top beneficiary, with Amazon and Google also stepping into the new reality with approaches that are likely to profoundly and permanently change the way things get done.

- Microsoft Corp. (MSFT) has been adding millions of users to its offerings. Google Classroom has emerged as an immediate school resource as students are sent home by the millions across Europe and the United States. The unanimous view of 17 of Blueshift Research Tech Trends’ best networking and security sources in the United Kingdom, Western Europe, and the United States is that it is literally the cloud to the rescue.
- The underlying data center and optical networking infrastructure the three big cloud companies—Microsoft Corp., Amazon.com Inc.’s (AMZN) Amazon Web Services, and Alphabet Inc.’s (GOOG/GOOGL) Google—have spent hundreds of billions of dollars to build and provision are experiencing traffic rates skyrocketing to levels never before seen, according to sources in the fiber optic networking community that touches international carriers, major ISPs like Comcast Corp. (CMCSA), and hundreds of other networks that interconnect to form the global internet backbones. Sources monitoring internet traffic over the past week said Microsoft’s networks have been inundated with unprecedented sessions and, barring a short disruption to its Teams platform, there have been no issues.
- On-premise IT suppliers Cisco Systems Inc. (CSCO), Dell Technologies Inc. (DELL), IBM Corp. (IBM), and Hewlett Packard Enterprise Co. (HPE) may see some gains in a few areas, but, overall, sources predict the pandemic is ushering in the beginning of the end for large-scale DIY networking in customer-controlled data centers.
- Sources said it is a glaring reality that IBM Corp. (IBM) is not part of the plot and were quick to point out that outgoing CEO Ginny Rometty launched a program in 2017 to force IBM’s mobile workers to [move back into working at IBM’s relatively few regional offices](#)—or lose their jobs. The dictate was seen as a way to lay off higher-paid veterans of the company, even as IBM was telling customers to use IBM’s cloud to enable telecommuting. In a comment typical of all the sources, one said, “How’s that working for them now? They have no basis to claim they are a cloud company. This [virus outbreak] is going to shine a light on them as never before. As far as a cloud goes, we tell our customers IBM doesn’t have one.”

Strong Positive: MSFT

Additional Information

Millions of people who have for years used only cloud applications like email and social platforms are now being forced to learn—fast—how to communicate completely and conduct business globally using cloud-based applications. Sources all agreed that mobility use was already past the point of no return because of smartphone proliferation, with stats around screen time spent [on mobile devices](#) growing at a rate that tests existing capacity in crowded areas. Now, social distancing restrictions are adding home desktops and laptops to network transit points, creating strain that may cause what two sources said would be predictable, but quickly resolvable, issues at AWS and Google, but not Microsoft.

Tech Trends You Need to Know

This traffic explosion creates problems beyond simply network capacity. Several sources reported that companies are rushing to secure their networks for remote access by their workers, many of whom have not had prolonged VPN access in the past, some of whom may even be working on personal equipment. Microsoft has added tens of millions of new users to its Teams application in less than two weeks. Microsoft cloud specialist sources report that Microsoft has moved to add layers of security at its end of the cloud, extending it outwardly to end users as they come online.

Our top security sources said the rate of spear-phishing attacks targeted at specific companies is “going through the roof” as hackers can learn what organizations are telling workers to go home simply by reading the news. Emails that spoof that company’s addresses can then be sent to workers with a link claiming to be from a company source—clicking on the link can allow hackers to steal login credentials and use them to VPN into a network under someone’s legitimate login information.

None of this, however, is good news for the major firewall vendors who are seeing security for the decentralization of workers being tackled by Microsoft and consumer-level antivirus subscriptions, instead of the addition of expensive endpoint software to devices workers and students are using from home.

Check Point Software Technologies Ltd. (CHKP), Fortinet Inc. (FTNT), Cisco Systems Inc.’s (CSCO) security products, and Palo Alto Networks Inc. (PANW) are being largely left out of the remote worker rush because things are moving so fast there is no time to set up extensive endpoint software for many organizations. Additionally, IT support staffs that have been working in offices around the world are suddenly unavailable to run in-house networks that, in many cases, are in a state of flux. Sources in the United States report that Comcast’s broadband business is booming, even as other areas of the company, like its theme parks, suffer. Sources said Comcast has a very large opportunity to prove it can provide secure connectivity to its customers via its Comcast Business and Xfinity home platforms.

Background

John Harrington will be reporting from the United Kingdom for the next several weeks, connecting with Tech Trends’ sources across Europe, the UK, and North America as events unfold. For this report, he interviewed 17 executives in global networking, cloud, and security, all repeat sources. Six sources are in Europe and the UK, 11 in the United States. Interviews were conducted in the first three weeks of March.

Key Quotes

- “When this backs off, we will never again go back to the way IT has been done over the past 25 years. The capability to handle this, the way it is emerging, this is the defining point of the cloud and, especially, Microsoft. We know they are adding tens of millions of new users into their platforms. The revenue streams they are setting up will never be turned off. It is a once-in-a-lifetime dramatic change in the way we live, work, and communicate. Amazon has its end of this and Google has stepped in with things like Classroom that have allowed schools to take their students online. Nothing goes back to the way it has been done up until now. I wouldn’t want to be an admin for any on-premise network. I wouldn’t want to be in the commercial office building business. This is the pivot point.” — CEO of a networking company converting thousands of customers onto Office 365 with Teams in the past two weeks in the United States
- “When it suddenly became obvious that workers would be ordered home, followed by students, the initial thought was whether or not the cloud could handle the pressure, or would the broadband system here, which is not very good, be able to hold up. So far, it is holding together. If it remains this way, there will be little chance that any operation will ever consider reverting to how they had been conducting their IT prior to this epidemic. These big companies we have all criticized over the years for their dominance—Google, Microsoft, and Amazon—are keeping the world running. Notably absent are the telephone carriers and IBM. The cloud data centers are literally like lifeboats.” — Senior executive with a major Microsoft cloud reseller based in the United Kingdom

When this backs off, we will never again go back to the way IT has been done over the past 25 years. The capability to handle this, the way it is emerging, this is the defining point of the cloud and, especially, Microsoft.

CEO of a networking company been converting thousands of customers onto Office 365 with Teams in the past two weeks in the United States

Tech Trends You Need to Know

About the Author

John Harrington is an award-winning investigative reporter and veteran Wall Street researcher. John previously served as senior editor and senior researcher at OTR Global, and was a three-time Emmy Award-winning TV journalist.

John brings expertise and relationships in internet networking, network security, fiber optic communications, and data center computing to Blueshift Research. John will contribute regularly, sharing deep insight into tech and communications trends, often before they are recognized by Wall Street.

Report Coverage Areas and Companies

Blueshift Research has been reporting on the following technology areas since Feb. 14, 2014, covering these public companies:

- Cloud Computing/On-Demand Hosted IT (AMZN, CRM, GOOG/GOOGL, IBM, MSFT, ORCL, WDAY)
- Enterprise IT Networking (ANET, CSCO, CTXS, DELL, FFIV, HPE, IBM, JNPR, MSFT, ORCL, RHT)
- Data Security (CHKP, FEYE, FTNT, INTC, JNPR, MSFT, PANW, SYMC)
- Data Storage/Management/Analysis (AMZN, BRCD, CSCO, GOOG/GOOGL, HPE, IBM, INTC, MSFT, NTAP, ORCL, PSTG, RHT, TDC, WDC)
- Data Centers and Fiber Optic Networking (AMZN, CONE, DFT, DLR, EQIX, GOOG/GOOGL, IBM, INTC, MSFT, NVDA, QTS, ZAYO)
- Fiber Network Construction and Implementation (ALU, CIEN, CSCO, DY, GLW, IESC, JNPR, NOK)

To access these reports, please contact your Blueshift Research sales representative or [John Harrington](#).

The Author(s) of this research report certify that the information gathered and presented in this report was obtained in accordance with Blueshift Research's compliance protocols as outlined in the company handbook. All Blueshift reporters identified themselves as reporters/researchers from Blueshift Research and articulated the purpose of the research. To the best of our knowledge and efforts, Blueshift confirmed that the underlying source(s) lawfully obtained the information shared with Blueshift and were entitled to provide such information to Blueshift without breaching a duty to another party. The data in this report has undergone review from Blueshift Research's Compliance Officer and has been approved for distribution to Blueshift Research's clients.

© 2020 Blueshift Research LLC. All rights reserved. This transmission was produced for the exclusive use of Blueshift Research LLC, and may not be reproduced or relied upon, in whole or in part, without Blueshift's written consent. The information herein is not intended to be a complete analysis of every material fact in respect to any company or industry discussed. Blueshift Research is a trademark owned by Blueshift Research LLC.