Global players rush to meet local demand

By MA SI, FAN FEIFEI and CHENG YU

Foreign cloud computing companies are scrambling to expand their presence in China, where more and more businesses are embracing cutting-edge technologies to improve their corporate management and production efficiency.

Microsoft Corp said it had tripled its cloud capacity in the country to grasp the opportunities brought about by stronger-than-expected demand from local companies.

The company said in March it would add two cloud regions and two data centers in China for the 110,000 customers it serves there, as well as the greater numbers it expects in the future.

The move came after the US tech giant announced its triple-increase plan late last year, as China's digital transformation gains momentum and the authorities have called for more intensified efforts to develop advanced technologies, including big data, cloud computing and artificial intelligence.

"China's digital transformation has developed at an unprecedented speed, and has created huge and valuable opportunities. The Chinese market has become one of our largest markets globally," said Kang Rong, vice-president of Microsoft China.

Microsoft commercialized its Azure Stack hybrid cloud solutions in China in April, provided in collaboration with hardware makers such as Dell EMC. The solution aims to meet companies' growing demand for local data centers with more flexible computing capability.

Kang said Microsoft is ramping up efforts to not only help companies locally but also globally, assisting them in going abroad.

"It is inevitable that Chinese enterprises will encounter problems when going overseas, including

data storage and efficient data operation," said Zhang Zhenyuan, head of information technology at Spring Airlines, China's first and largest budget carrier.

"In Japan, Microsoft Azure has accelerated the speed of our website and reduced operating costs by more than 30 percent," he said.

Microsoft's expansion plan comes as the company is locked in fierce competition with Amazon.com Inc, Alibaba Group Holding Ltd and Huawei Technologies Co Ltd in China's booming cloud computing sector.

Amazon's cloud service platform, Amazon Web Services, announced in December that it had inked a strategic partnership with a local cloud service provider in the Ningxia Hui autonomous region of Northwest China to offer customer services.

This followed a month after AWS announced it will sell the cloud service-related assets of its Beijing-registered cloud unit for up to 2 billion yuan ($316 million) to its Chinese partner Beijing Sinnet Technology Co Ltd.

The move complies with Chinese regulations — which only allow Chinese companies to run data centers in the country — and aims to further improve the service's security.

"Coupled with the AWS China (Beijing) region, the second AWS China region will serve as the foundation for new cloud initiatives in China, especially in western China, helping to transform businesses, increase innovation and enhance the regional economy," said Andy Jassy, CEO of AWS.

So far, domestic tech heavyweights such as Lenovo Group Ltd, TCL Corp, Midea Group and Xiaomi Corp and some fast growing startups have used AWS cloud services to power their infrastructure and make them more agile with lower costs.

A Microsoft employee introduces the company's smart city solution product, based on big data and artificial intelligence, during an exhibition in Hong Kong. CHINA NEWS SERVICE

Tencent Cloud's visual big data exchange system is displayed during the 2017 China Internet Conference in Beijing. A JING / FOR CHINA DAILY

Domestic tech giants are venturing overseas

Chinese companies enhance presence in cloud service sector with new centers

By HE WEI in Shanghai
hewei@chinadaily.com.cn

Chinese tech giants are deploying their cloud services overseas, and moving up the sector's global rankings as they do so.

According to Charlie Dai, principal analyst at consultancy Forrester, there are two key drivers behind their bid to tap into global markets — to better serve Chinese customers' globalization strategies and to extend their own digital territories.

"They could replicate their Chinese market successes in global regions, just as Amazon Web Service and Microsoft are doing in China," he said.

According to Gartner Inc research director Kevin Ji, cloud computing is essentially about economies of scale for service providers. Expanding their coverage lowers average costs and pushes forward global infrastructure delivery.

To date, only a handful of Chinese players, including Alibaba Group Holding Ltd, Tencent Holdings Ltd and Huawei Technologies Co Ltd, have appeared as emerging forces in a market currently dominated by Western competitors led by Amazon.com Inc and Microsoft Corp, he said.

"Only Alibaba Cloud, Tencent Cloud and Huawei Cloud have straightforward globalization strategies, each with a distinctive approach," Ji said.

The cloud computing arm of internet conglomerate Tencent announced in March the opening of four new data centers to enhance its international cloud computing presence. The new centers offer a range of solutions including storage, cloud security, big data, and artificial

intelligence.

Together, they lay the foundation for an integrated cloud service with high speeds and reliable network connectivity for international companies looking to scale efficiently, the company said.

"Globalization is an important part of Tencent Cloud's strategy," said Qiu Yuepeng, vice-president of Tencent and president of Tencent Cloud.

"By offering our advanced cloud computing infrastructure across the globe, we can not only share Tencent Cloud's technology and expand our portfolio of industry solutions, but also lower costs and increase efficiency across a variety of industries."

Data centers, or supporting data nodes, are essential to enabling Chinese companies' global expansion, which has already become a major driving force in the global economy, Dai said.

"Choosing the same vendor will help simplify the architecture and management complexity, and ensure consistent user experience."

According to Tencent, its new data center in Hong Kong serves as Tencent Cloud's second financial sector-focused facility in the city. Two new data centers in the United States — in Silicon Valley and Virginia — ensure coverage across the country's east and west coasts. The fourth new data center, in Mumbai, India, will serve as a core hub for Tencent Cloud in South Asia, boosting its total number of available cloud computing zones to 42.

Alibaba's cloud computing unit launched its first data center in Indonesia in March, aiming to address the growing demand for reliable and scalable cloud services among the

> ## Their competitiveness includes cost-efficient services and providing solutions based on their experience serving the world's most populous nation."
>
> **Neil Wang,** president of Frost & Sullivan in China

country's small and medium-sized enterprises.

The data center underscores the company's commitment to support an Indonesian government-backed initiative to create 1,000 viable startups worth a combined $10 billion by 2020, according to Alibaba Cloud.

Geographical proximity and close ties between the two nations provide the company a particular advantage, said Alex Li, general manager of Asia Pacific at Alibaba Cloud.

"We are uniquely positioned with cultural and contextual advantages to provide innovative data-intelligence solutions and computing capabilities to customers across this region," Li said.

Alibaba Cloud has so far entered in 18 countries and regions. Its latest push saw the company's cloud services extend to Turkey in April through a partnership with e-Glober, an Istanbul-based business-to-business services provider.

According to Ji, Alibaba is banking on Asia and the Middle East to better tap into the

Belt and Road Initiative, whereas Tencent is more closely following the steps of its clients, be it bike-sharing business Mobike, online brokerage platform Futu Securities, or mobile gaming company Supercell.

Meanwhile, Huawei's strength lies in its ties with leading foreign telecom operators, such as Deutsche Telekom, Orange and Telefonica, helping them to build their public cloud capability using Huawei technology.

Thanks to solid financial and technical backing from home, marching into developed cloud computing markets such as the United States and Europe could help Chinese service providers improve their offerings by catering to more demanding customers, said Neil Wang, president of Frost & Sullivan in China.

"Their competitiveness includes cost-efficient services and providing solutions based on their experience serving the world's most populous nation," Wang said.

With only a few years of development, some Chinese companies in the sector have started to climb the global rankings. A Gartner report released last year highlighted Alibaba's high potential, ranking it No 4 globally for "Ability to Execute", ahead of IBM Corp and Oracle Systems Corp.

"Their strengths are clearly their business insight into existing customers, their competitive pricing strategy and their commitment to professional services," said Dai.

Despite their rapid development, however, Chinese companies still lack genuine technological breakthroughs and innovation, meaning they have very little in the way of unique differentiation compared with other providers, Ji of Gartner said.

Internet security efforts beefed up

By CHENG YU
chengyu@chinadaily.com.cn

Chinese cloud computing service providers are accelerating their efforts in cloud security, as both the government and companies face mounting cybersecurity pressures.

The country's digital economy is booming at an unprecedented rate. It was worth 27.2 trillion yuan ($4.29 trillion) in 2017, accounting for 32.9 percent of the nation's GDP.

"The digital economy has not only brought opportunities but also potential risks," said Zhang Wang, deputy director of the Cyberspace Administration of China, at a recent forum.

"In the past few years, an array of problems have frequently happened, including security vulnerabilities, data leakage and cyber attacks, which pose great challenges to protecting individuals, companies and the nation," Zhang said.

Ye Xiaohu, senior vice-president of NSFOCUS, a Chinese cloud security service provider, said with threats like this on the horizon, building a system from the ground to cloud has become increasingly crucial to prevent cybersecurity attacks.

NSFOCUS recently unveiled its latest generation cybersecurity protection system, which enables companies to defend and act proactively against attacks.

"The traditional way of protecting cloud security, which is passive and defense-oriented, cannot meet the mounting problems. It is important that a company can predict risks and be alert in advance, defend and deal with them in good time, and to analyze afterwards," Ye said.

Beijing-based NSFOCUS has scrambled to map out solutions in the cloud segment in the past few years. Its cloud solutions have been applied to telecommunication operators, financial institutions and governments both at home and abroad.

One of its products focuses on DDoS — distributed denial of service — a frequent attack encountered by companies when conducting cloud operations, which have helped companies to defend against attacks.

"Despite the increasing number of cloud security companies, China still needs to expand its investment in combating internet crimes and attacks," said Wu Zechao, an analyst from China Investment Securities, in an industry report.

Recent data showed that the country last year spent less than 1 percent of total IT-related investment on cybersecurity. In the United States that amount is 15 percent, while in Europe it is 10 percent.
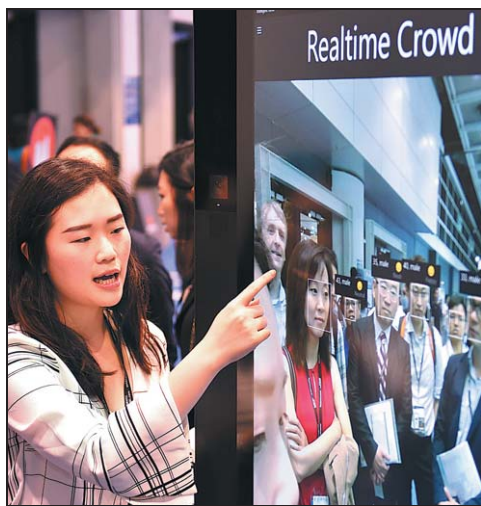
Guizhou to become nation's digital hub

By OUYANG SHIJIA
ouyangshijia@chinadaily.com.cn

Guizhou province has announced plans to introduce big data technology into more than 10,000 real economy-related companies by 2022, and bring more cloud computing businesses to the region.

The move is part of the Southwest China province's aims to become a big data and cloud computing hub.

Chen Shaobo, director of the Guizhou Provincial Development and Reform Commission, said the provincial government will ramp up

efforts to integrate big data into the real economy for governmental, commercial and civilian use.

"We will boost the digital economy and its added value will comprise 33 percent of the province's total GDP growth by 2022," Chen said. "In the next few years, Guizhou will further develop the cloud computing sector, launching key projects including the Guian New Area Supercomputer Center."

Buoyed by supportive government policies, Guizhou has attracted hundreds of companies to expand in the

emerging big data market, including Apple Inc, Huawei Technologies Co Ltd, Qualcomm Inc, Tencent Holdings Ltd and Alibaba Group Holding Ltd.

A raft of cutting-edge technologies have been widely applied, not only in the business sector but also in the booming e-governance and civil services sectors, benefiting both local residents as well as the government.

In January, Apple said Guizhou-Cloud Big Data Industry Co Ltd, a company owned by the provincial government, will operate its iCloud services

on the Chinese mainland. The move came after Apple announced last year it would open its first China data center in Guizhou. The center is part of a $1 billion investment in the province and will be operated by Guizhou-Cloud Big Data Industry.

In August 2017, Huawei, one of the world's largest telecom equipment makers, launched its data center project in Guizhou to meet the firm's growing need for better cloud services.

Alibaba's cloud computing arm, Alibaba Cloud, has unveiled a plan for a joint big

A big data visual analysis platform is displayed during the China International Big Data Industry Expo 2018 in Guiyang, Guizhou province, on May 26. XINHUA

data center and a cloud computing platform project in cooperation with the public security bureau of Guiyang, the provincial capital. The

facilities will provide more robust computing power and smarter artificial intelligence algorithms, meaning vehicles with fake license plates will be

automatically identified, the public security bureau said.

Guizhou's ambition to become China's digital valley has led to higher requirements in terms of supporting infrastructure, such as the improvement of communication network bandwidth and coverage.

"We will continue to improve the digital infrastructure in the region, and aim to have 3G and 4G connectivity covering all urban and rural areas in Guizhou by 2020. Moreover, we will further develop core technologies in big data, such as cloud computing, the internet of things and artificial intelligence, as well as driving forward big data security developments," Chen said.