Amazon is ‘Surprised’ the $10B JEDI Deal Went to Microsoft



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Late Friday, the Department of Defense (DOD) announced Microsoft—not Amazon—is the recipient of a cloud contract reportedly worth $10 billion that’s been up for grabs for nearly two years.

According to the New York Times, it’s a ten-year deal to modernize the military’s computer systems, much of which still operate on 1980s- and ’90s-era technology.

Amazon, whose cloud computing arm Amazon Web Services (AWS) reportedly controls 45% of the market, counts the Central Intelligence Agency among its clients and was the odds-on favorite.

Doug Stone, an AWS spokesperson, said the company was “surprised” by the decision.

“AWS is the clear leader in cloud computing and a detailed

assessment purely on the comparative offerings clearly lead to a different conclusion," Stone said in a statement. "We remain deeply committed to continuing to innovate for the new digital battlefield where security, efficiency, resiliency and scalability of resources can be the difference between success and failure."

However, citing an upcoming new book from a speechwriter for former Defense Secretary Jim Mattis, the New York Times said President Donald Trump may have influenced the decision as "Trump … wanted to foil Amazon and give the contract to another company" and "the award to Microsoft is likely to fuel suspicions that Mr. Trump may have weighed in privately as well as publicly against Amazon."

Microsoft and the DOD did not respond to requests for comment.

The DOD said in an announcement that the contract for Joint Enterprise Defense Infrastructure, more commonly known as JEDI, covers "critical and urgent unmet warfighter requirements for modern cloud infrastructure." The base contract is for two years with a $1 million guarantee. The DOD projects "user adoption will drive an estimated $210 million" during this initial period. The Department will also "rigorously review contract performance prior to the exercise of any options."

The DOD said the Microsoft deal "continues our strategy of a multi-vendor, multi-cloud environment as the department's needs are diverse and cannot be met by any single supplier."

It anticipates additional contracting opportunities for cloud services and complementary migration and integration solutions. Since 2017, the DOD has awarded more than $11 billion in 10 cloud contracts, the release said.

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