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# Amazon AWS vs Microsoft Azure: a Zero-sum Game?

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*In this article, Armada Labs compares the Amazon AWS and Microsoft Azure cloud solutions by business-related criteria to define what makes one better than the other and why.*





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Right off the bat, we'll begin this article by introducing today's subjects: Amazon AWS and Microsoft Azure.

**AWS** stands for "Amazon Web Services," a subsidiary of [Amazon.com](#) that provides on-demand cloud computing services for enterprises, government institutions, and individuals on a paid subscription basis. Similarly, Azure is Microsoft's cloud computing service for building, deploying and managing services and applications through a global network of data centers.

Amazon launched AWS in July 2002 as a set of separate tools and services, mostly for development purposes. Officially re-launched in March 2006, AWS rapidly went mainstream, meeting the requirements of web-based and client-side applications and the needs of software engineers.

Four years after AWS's relaunch, Microsoft released Windows Azure, eventually renamed "**Microsoft Azure**," which has been a persistent competitor to AWS ever since.

Staying at the vanguard of cloud computing, these two platforms offer practically identical services. However, functionalities are not the subject of this article. Instead, we'll break down both solutions in the business context and highlight their differences.

## Amazon AWS and Microsoft Azure: Who Wins this Cloud War in 2019?

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ones.

### Geographical Outreach & Business Approaches

AWS reports on [its website](#) that currently, Amazon cloud services span across 22 regions around the world, with 9 more regions to be covered soon. The areas available so far include several European countries, some US states, São Paulo, Bahrain, Asian regions, Mumbai, and Sydney.

There, you can also notice the term “Availability zones.” In cloud computing, this one describes an isolated location with data centers that operate cloud services. A single region may encompass several availability zones. So far, AWS’s “record holder” is the Northern Virginia region that includes 6 availability zones.



AWS  
Global  
Infrast  
ructur  
e Map  
(AWS)

Azure, in turn, doesn’t indicate the number of availability zones (probably considering this info confidential), yet we can see [the amount of the regions covered](#). Undeniably, Azure surpasses AWS here: 54 regions worldwide, most of which are in the US and Europe.

But let’s not be deluded by figures; Amazon and Microsoft have different business approaches to structuring their data centers. Hence, AWS breaks up the world map into availability zones consisting of separate data centers that run on redundant power. Such move allows it to ensure seamless, frictionless deployment of applications across different availability zones within a single region.



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and [Microsoft's official announcement](#), at the end of the day, the difference, both in their approaches and figures, is not so perceivable to consumers.

### Popularity & Market Share

Google Trends can't lie: AWS is more popular than Azure. See it yourself.



AWS  
and  
Azure  
Interest  
Rates  
World  
wide  
Over  
the  
Last  
12  
Months  
(Google  
Trends)

From the above image, you can see the figures highlighted for the last week of September; sure, one might say that Azure is slightly behind AWS, but take a look at the charts on the left: the difference in average user interest rates is almost double. So now the AWS's prevalence over Azure doesn't seem relative?

Another argument supporting this statement is AWS's market share. According to Statista, Amazon leads the cloud market, with 33% of the total share. Microsoft falls behind the competitor, having 16% of the market.



Cloud  
Market  
Share

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(Statista)

Though the figures are actual as of Q2 of 2019, the big picture hasn't changed much so far; AWS beats Azure in the struggle for market dominance.

But why AWS is more popular than Azure? Why it has the bigger piece of the market (or, better say, "pie")? Both offer practically the same services and — we'll see this further in the article — at competitive prices, so what's the reason for such a considerable gap? We'll return to this question later. Now, let's explore other significant factors.

### Customers' Income Rate

Meanwhile, how the customer base of AWS and Azure has been doing? Recently, StatSocial has made research of the major cloud platforms and revealed some meaningful, yet not surprising, trends.



AWS  
and  
Azure  
Consumer  
Income  
Rate  
(StatSocial)

For both, the prevailing consumer segment lies between \$50k and \$100k (the figures are as of July 2019). Drawing on these figures, we can conclude that Microsoft and Amazon serve the needs of mostly an "affluent" clientele — hence are their tremendous quarterly profits.



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## Pricing Models

Here, we won't dwell on each pricing model, since both have plenty of similarities. Instead, we'll pick the ones that demonstrate the difference in their pricing strategies.

### Reserved Instance Pricing

AWS and Azure use the so-called "Reserved Instance" (RI) pricing model as an alternative to the traditional on-demand one. According to this model, AWS clients can reserve the capacity for particular Amazon products, including EC2 and RDS, at discounted rates per hour (in the long run, cost savings might reach 75%). A good option for businesses that recurrently need to allocate capacity for a limited time.

Azure goes another way and offers customers to save up to 72% on cloud expenses by signing up to its [1-3 year terms for Windows and Linux virtual machines](#). Additionally, if customers want to cancel their RI subscription, they can do that any time and return the unused reserved instances to Microsoft for a fee.

As we can see, both platforms offer considerable savings with the RI model, almost equal, and yet, AWS is more preferred by customers. Maybe a 3% difference in savings is one of the factors influencing customers' choice? No, we're not so naive, besides, we saw their average income. The reason is more profound, so read further.

### On-demand Instance Pricing

On-demand instances are the unequivocal choice of those who time and again deal with short-term critical workloads. Again, here we talk about per-hour billing up until termination. Instances vary in levels of computing power (depending on particular tasks and goals) and, consequently, prices.



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AWS  
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Each  
GB of  
RAM  
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For most positions, Azure offers less costly options than AWS. In some cases, the difference is insignificant — a couple of dollars — but in terms of hourly payments, the gap is what makes a better offer.

With no doubt, the pricing factor has its part in the overall growth of Microsoft's cloud revenues; better offers generate high demand. But does it really affect the customers' choice of a cloud solution? Probably, yes, but not as much as one might think — users still prefer AWS over Azure no matter the prices.

Considering the welfare of their clientele, eventually, the price becomes not an issue for many; they are willing to pay for more costly AWS services, because why not?

"Why not?", thought an ordinary AWS consumer, a long-time, loyal one. Hence, we have one final question: why AWS, exactly?

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centers across the world map, which by no means reflects the efficiency of their operation and, less likely, customer interest.

Also, we defined that AWS is currently more popular than Azure, especially among top businesses, and, consequently, has a larger market share than its competitor — despite higher prices for particular essential services than those of Azure. So why AWS beats Azure at the end of the day?

If you look through at least several related forums, you'll find plenty of reasons, from sophisticated, tech to more general ones. We won't go into software issues since they are often controversial and subjective. Instead, we'll focus on "less volatile" and, therefore, compelling arguments.

The answer lies in history, though it might be surprising. Remember that the first version of AWS appeared long before Azure, and that gap gave it considerable leverage. As one of the pioneers in the world of [cloud technologies](#), AWS dealt with the hurdles that Azure is now only beginning to encounter.

Sure, when Azure entered the market, AWS had already optimized the capabilities and capacity of its data centers. Amazon has more experience than Microsoft in managing server outages and other issues. Azure has much to learn of what AWS has learned already; when AWS has ready solutions for cloud problems, Azure, in many aspects, has a toe in the water.

Since 2002, Amazon began building a consumer market around its cloud services to the form we know it today. Strong customer base, including Facebook, Netflix, BBC, Dow Jones, and others, has been helping Amazon optimize its data centers and eventually get the technological edge.



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By **Anton Lashuk**, Senior Copywriter at Armada Labs

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