

Digital transformation Diversity & inclusion Security

Microsoft invests €4.3B to boost AI infrastructure and cloud capacity in Italy



Microsoft investe 4,3 mld di euro per potenziare l'infrastruttura AI e la capacità cloud in Italia



Rome, 2 October, 2024 – In its largest investment in Italy to date, Microsoft today announced a €4.3 billion initiative in the next two years to expand its hyperscale cloud and Al datacenter infrastructure and provide digital skills training to more than 1 million Italians by the end of 2025.

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Nuove tecnologie e competenze: l'ecosistema dei Partner di Microsoft Italia per accelerare la trasformazione digitale del Paese > This move aims to help Italy maximize the opportunities of artificial intelligence (AI) and to contribute to the focus of the Italian government on long-term economic growth and demographic challenge. Microsoft's data center expansion in Northern Italy coupled with its commitment to provide extensive AI skills training supports the rising demand for AI compute and cloud services across Italy as organizations look to boost productivity and uncover new breakthroughs with AI. By integrating AI into strategic sectors such as manufacturing, healthcare, finance, and public administration Italy can innovate production processes, improve patient outcomes, enhance financial services, increase the efficiency of public services. Moreover, incorporating AI into local small and medium-sized organizations can enable the country to unlock new levels of innovation and entrepreneurship.

The adoption of AI also has the potential to address demographic challenges and boost Italy's competitiveness on a global scale, supporting the Italian government's vision for a resilient, innovative, and inclusive economy. Security is at the core of this investment and our operations, ensuring that our technology and services are designed to protect and maintain trust, and to serve the country's cybersecurity posture.

With this investment, Italy North will become one of Microsoft's largest datacenter regions on the continent and will play a crucial role in meeting European data boundary requirements. It will also serve as a key data hub for the Mediterranean and North Africa, supporting the Global Partnership on Investment and Infrastructure and meeting the government ambition under the G7 Presidency to foster collaboration with the Global South.

"This landmark investment underscores our long-standing commitment to Italy's digital transformation," said Brad Smith, Vice Chair and President of Microsoft. "By expanding access to our Al technology and expertise, we are equipping the Italian government, businesses, and the broader workforce with the tools to build an Al-driven economy that creates jobs and drives prosperity."

Microsoft lancia la Community Challenge per le competenze digitali per supportare progetti locali a Milano Est, Milano Ovest, Milano Sud e Nord Pavese

Al 4 Italy: from theory to practice Verso una politica industriale dell'IA Generativa per l'Italia This infrastructure will operate under Microsoft's AI Access Principles which were created to foster innovation and healthy competition within the rapidly growing AI economy. They reflect Microsoft's expanding role and responsibility as a leader in AI and commit the company to making investments, forging business partnerships, and creating programs that ensure broad access to its AI technology that empower organizations and individuals to develop and use AI in ways that will serve the public good.

Upskilling more than 1 million Italians through an Al National Skilling Initiative

In Italy, Generative AI holds the potential to enhance productivity and well-being, even in the face of a talent shortage and an aging population. Italy might lose about 3.7 million workers by 2040, the number of people projected to depart the workforce, resulting in €267.8 billion in national GDP at present productivity level. New technologies will make it possible to maintain the same level of economic wellbeing. Accordingly to a recent study by TEHA Group and Microsoft Italy* reveals that 63 percent of Italian entrepreneurs acknowledge a lack of Generative AI skills. However, broad adoption of this technology could boost Italy's annual GDP by up to €312 billion over the next 15 years, an 18.2 percent increase and one of strategic sector of the Italian Economy – the SMEs and Made in Italy companies - could benefit from an increase of €122 billion in added value.

Microsoft and its partners will introduce new training programs to skill more than 1 million people in Italy by 2025, focused on AI fluency, technical AI skills, AI business transformation, and the promotion of safe and responsible AI development. Through our collaboration with a large network of Microsoft certified training services partners, industry partners, universities, nonprofit organizations, government institutions, and associations, we will launch skilling initiatives for professionals and students across Italy, included in disadvantaged communities.

As part of the National Skilling Initiative, the nonprofit ELIS's **Include to Grow** initiative aims to reduce educational poverty and help marginalized individuals enter the workforce. This program focuses on women who have been unable to find jobs after maternity leave. Another initiative, **Ital.IA LAB** (https://www.mondodigitale.org/progetti/italialab), led by the nonprofit Fondazione Mondo Digitale, focuses on creating a national infrastructure of learning hubs for Generative AI and establishing a network of trainers to educate young people, job seekers, and workers, especially women and those in disadvantaged areas, and in the South of Italy.

"In less than a year, our Cloud Region has support Italian and international companies achieve greater productivity and innovation," said Vincenzo Esposito, General Manager Microsoft Italy. "This new investment confirms our commitment for the sustainable growth of Italy by helping organizations harness the power of Cloud and Generative AI while providing Italians with the skills to maximize these technologies. Our Italy North Region will continue in accelerating digital transformation and skills in Italy, ensuring that no one is left behind".

Expansion of infrastructure in Italy to accelerate Al adoption to help organizations innovate securely and enhance productivity

To help companies learning the opportunities of AI for their growth, Microsoft Italy has created the AI L.A.B. program (https://pulse.microsoft.com/it-it/ai-l-a-b/#:~:text=AI%20L.A.B%20%E2%80%93%20Learn,%20Adopt,%20 Over 320 companies have joined the initiative in the past year, creating more 450 Generative AI projects, with 50% already operational, all supported by a network of 30 local partners to enhance innovation, creativity, and productivity.

According to a recent study from THEA Group and Microsoft Italy*, Italian companies are experiencing tangible productivity gains thanks to Generative AI. Today 47 percent of companies using AI solutions report productivity increases of more than 5 percent, while 74 percent have experienced productivity gains of more than 1 percent. These gains are particularly significant, considering the overall productivity growth that Italy has recorded over the last two decades (+1.6 percent).

Microsoft's advanced computational infrastructure and Al platform services can enable organizations from small medium businesses and start-ups to large institutions to develop, deploy, and use proprietary and open source Al models and applications. It will make Microsoft's own Alinfused services like Microsoft 365 and Microsoft Dynamics more broadly and locally accessible to Italian customers using the new infrastructure to increase levels of innovation and productivity, Microsoft will also continue offering cloud services to the Italian Public Administration through the National Strategic Hub (PSN), using Microsoft Cloud for Sovereignty. This solution meets national data classification standards with public cloud solutions, controls, and policy governance.

A broad set of Italian organization, companies and start-ups are leveraging advanced Cloud Services and exploring Al capabilities and will benefit from this new investment.

Angelo Saccà, Director of the Information Systems, Portal, E-Learning Department of the University of Turin: "Thanks to the strategic collaboration with Microsoft and the use of the latest solutions, we have strengthened trust and drive to innovation, both for a general transformations and digital transformation in particular within our academic community".

As the largest Qualified Trust Service Provider (QTSP) in Europe, InfoCert (Tinexta Group) is unwavering in its mission to bring trust to digital transactions. "Microsoft's significant investment in Italy underscores the importance of our domestic market and reinforces our shared vision for a secure digital future. Our commitment to security and reliability is at the core of everything we offer: the strategic partnership with Microsoft empowers us to continue delivering cutting-edge solutions, particularly for small and medium-sized enterprises, which are the backbone of the Italian economy" said, Danilo Cattaneo CEO Infocert. "By integrating the latest advancements in artificial intelligence, we provide innovative services that meet the evolving needs of the market, combining the trust and innovation of our offerings with the reliability of Microsoft's infrastructure".

Advancing AI responsibly and sustainably

Microsoft's approach to **responsible** Al is grounded in six core principles – fairness, reliability and safety, privacy and security, inclusiveness, transparency, and accountability. They reflect Microsoft's expanding role and responsibility as a leader in Al and commit the company to making investments, forging business partnerships, and creating programs that ensure broad access to its Al technology that empower organizations and individuals to develop and use Al in ways that will serve the public good. Microsoft is also among the first to sign the Rome Call for Al Ethics (https://www.romecall.org/), which encourages a principled approach to artificial intelligence and is endorsed by faiths of the Eastern world and Abrahamic religions.

Microsoft will continue to advance the reliability, safety, privacy, and security of AI by designing and building infrastructure and cloud services to help secure datacenters against unauthorized access, environmental hazards, and other physical threats. To advance reliability, Microsoft's existing cloud region in Italy is connected to the largest, trusted global cloud infrastructure, supporting the highest service availability and helping customers build for business continuity with confidence. The region is equipped with Availability Zones, consisting of three unique physical locations, each with independent power, cooling and networks. Microsoft Azure provides a number of resiliency features for high availability, business continuity plans, and disaster recovery steps to keep services available and to meet high security and privacy standards.

In 2024, Microsoft released the <u>Datacenter Community</u> <u>Pledge</u>

(https://blogs.microsoft.com/blog/2024/06/02/microsoftsdatacenter-community-pledge-to-build-and-operate-digitalinfrastructure-that-addresses-societal-challenges-and-<u>creates-benefits-for-communities/)</u> to build and operate digital infrastructure that addresses societal challenges and creates benefits for communities, partnering closely with local governments, residents, and stakeholders to ensure its infrastructure is a resource that contributes to a sustainable future and advances community prosperity and well-being. In Italy, Microsoft has joined the Forestami initiative (https://news.microsoft.com/it-it/2023/09/28/milano-greenweek-2023-microsoft-italia-aderisce-al-progetto-forestamiper-contribuire-a-ridurre-limpatto-ambientale-della-cloudregion-locale/) for the reforestation of some territories of Milan's metropolitan area, and recently launched two Lombardia Community Challenges (https://news.microsoft.com/it-it/2024/09/10/microsoftlancia-la-community-challenge-per-le-competenze-digitaliper-supportare-progetti-locali-a-milano-est-milano-ovestmilano-sud-e-nord-pavese/) opened to local non-profit projects in Milan and Pavia.

Microsoft is also deeply invested in advancing the **sustainability** of AI, and is addressing the resources needed to support responsible growth of AI infrastructure. Microsoft has taken a first-mover approach to planning, making long-term investments to bring more carbon-free electricity onto the grids where they operate, Power Purchase Agreements (PPAs) are at the center this approach. Today, Microsoft has contracted over 34 GW of renewable energy across 24 countries, marking progress toward accelerating renewable energy markets and supporting the global energy transition.

In Italy, Microsoft has executed three PPAs for renewable energy and is pursuing additional contractual opportunities in the near future. Microsoft is also transitioning backup generators at datacenters to be powered by a renewable biofuel that reduces net carbon emissions and the datacenter in Italy is LEED Gold certified. Microsoft's owned datacenters in its Italy North region are also registered under the EU Code of Conduct for energy efficiency in datacenters and an independent third party EU Code of Conduct audit was successfully completed in January 2024.

In addition to closely measuring and monitoring energy use, Microsoft Italian datacenters use direct evaporative cooling systems to help reduce water use. This cooling system is highly energy and water efficient, using water for cooling less than 5% of the year and less electricity than other water-based cooling systems such as cooling towers. The majority of water used is harvested rainwater groundwater and is used for 5 cycles of concentration and water reuse. Water from these cooling systems is then discharged back to the local wastewater utility treatment plant, following local regulations.

In 2023, Microsoft released the Al and Sustainability Playbook (https://aka.ms/AcceleratingSustainabilityWithAl), outlining the opportunities that Al provides for accelerating sustainability. In addition to designing, building, and operating Al infrastructure for sustainability, the application of Al can be a powerful tool for achieving the pace and scale of sustainability solutions to address the climate challenge.

Al 4 Italy: Impacts and prospects of Generative Artificial
Intelligence for Italy and Made in Italy"
(https://www.ambrosetti.eu/summit-eventi/lo-scenario-dioggi-e-di-domani-per-le-strategie-competitive/)