



GOOGLE'S ACQUISITION OF MOBILEDEX: WHAT DOES IT MEAN FOR THE EDGE ECOSYSTEM?

At the end of April 2022, Google announced that it had acquired a key player within the edge ecosystem, MobileedgeX. A few weeks later there is still much to be learnt about what triggered the acquisition, what Google will do next and what lessons can be drawn for others within the industry.

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What exactly happened?

On 29th April, Google announced that it had acquired MobileEdgeX, an edge platform and orchestration company founded by Deutsche Telekom in 2018. They had been involved in many of the major telco edge deployments, particularly where AWS and Azure were not, and more recently have been influential in trials exploring federated edge.

The acquisition happened several days after MobileEdgeX's internet presence (social media, website etc.) had been taken down, causing significant speculation (at least in the STL offices!) that something was afoot.

In its statement, Google stated that it had plans to open source the code – something that was again reiterated by a spokesperson at Deutsche Telekom, who were the sole investor in MobileEdgeX until 2020 and still their largest financial backer.

What are the potential motivations behind the acquisition?

For MobileEdgeX?

While it is impossible to say for certain, we believe that it is most likely that MobileEdgeX simply ran out of cash, being unable to move beyond pilots and small-scale deployments with their telco partners, to establish broad commercial rollout. They were also unable to gain traction with the major US telcos. Further evidence of this can be seen in the exodus of MobileEdgeX's leadership team, several of whom have left the company over the last year or so, perhaps in efforts to streamline operations. One example of this is Vikram Siwach who was Director of Product Management at MobileEdgeX but left in August last year to go to Tik Tok. Another would be Sunay Tripathi who was CTO, EVP Product and Engineering but left MobileEdgeX for none other than Google in July last year.

The pre-existing partnership between Google and MobileEdgeX established in December 2020 (where Google Cloud developers were leveraging MobileEdgeX automation and orchestration capabilities) is presumably part of the reason why they were seen as potential investors.

For Google?

Google must have identified value in what MobileEdgeX could bring to their own Distributed Cloud proposition. Having been criticised for moving slower than both AWS and Azure into the edge world and for having less strong relationships with telecoms operators, perhaps Google identified parts of their own proposition that MobileEdgeX could prop up.

It seems likely that part of Google's motivation is to ensure that it does not get relegated to playing only in the infrastructure layer, while AWS and Azure build the software that runs on top managing the deployments. The focus on open source indicates that Google are trying to strengthen Google Anthos' software-only, open proposition.

What are the key unanswered questions?

What were the financial terms of the deal?

Since the financial terms have not been made public there is significant speculation that Google may have acquired MobileEdgeX for a negligible fee, perhaps under the agreement that Google will foot the costs of the team that will be required to clean and maintain the code if it is indeed to go open source.

Who else is moving over to Google from MobileEdgeX?

Much has been made about the fact that Jason Hoffman will not be making the move over to Google. Leah Maher (ex-MobileEdgeX COO) on the other hand has transitioned. However, probably the more critical question is how many of the senior engineering team will be retained by Google. If they do not retain the software engineers who developed and understand the code then it could be challenging to transition the platform to a successful open source project.

What are the implications of moving MobileEdgeX's code to open source?

Google has demonstrated before that it can make a great success of making code open source (e.g. its development and subsequent open sourcing of Kubernetes in 2014). A MobileEdgeX GIT repository does already exist with code under the Apache license (<https://github.com/mobileedge>). It shows both recent commits and ones that predate the acquisition but it remains to be seen if Google will open source the entirety of the commercial grade MobileEdgeX code to the community. Google may release elements that it believes will help create a de facto industry standard while retaining some parts of the management and orchestration capabilities for themselves so they can add value on top of any deployments of the MobileEdgeX's code to create an attractive commercial proposition for itself.

What will happen to MobileEdgeX's current deployments and initiatives e.g. its involvement with the GSMA?

Based on the abrupt takedown of MobileEdgeX website and cessation of service, it seems unlikely that MobileEdgeX will continue to be involved in key initiatives such as the GSMA's federated edge programme. This acquisition looks quite different in comparison to other key deals we've seen in the industry recently, such as Rakuten Symphony's acquisition of Robin.io in March this year.

Figure 1: Robin.io's web presence and customer ecosystem has been retained in comparison to MobiledegeX's disappearance from the internet



Source: robin.io

What conclusions should the edge computing industry draw from the deal?

There may be some asking whether MobiledegeX's acquisition signals the beginning of the end of any players trying to draw value away from the hyperscalers in this space. However, two factors should not be underestimated:

1. There were early signs that MobiledegeX may have been facing unique challenges of its own making which have influenced this deal.
2. MobiledegeX, in many ways, has blazed the path for others – having already accelerated the market, educated stakeholders and played a part in ecosystems which will continue despite the announcement.

For many, MobiledegeX had a strong technical proposition which was proved over and over again in POCs and pilots with telecoms operators. What it really lacked, however, was a clear commercial proposition. In fact, this lack of clarity led it to change direction several times on who exactly would pay for its services – first it was meant to be an application-centric platform that developers would pay for, then it became a platform that telecoms operators themselves would pay for so that they could essentially license it out as their own portal.

It is also true that MobilegeX probably struggled from almost being too early to the market. Launched in 2018, it took funding despite the market being very nascent, and despite telecoms operators not being famed for their fast-moving innovation practices. The exact source of its funding, being a Deutsche Telekom backed company at least to start with, also caused issues, with several mobile operators resisting the idea of working with a company started by their direct competitor.

These specific issues should leave hope for others out there wanting to nurture an edge ecosystem beyond the likes of AWS, Microsoft and Google.

We'd love to hear from you about your take on the acquisition – do get in touch below to discuss these matters further!

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