

Microsoft Scores \$21.9 Billion U.S. Army Contract For Augmented Reality Headsets



Some employees are not happy about this: “We did not sign up to develop weapons, and we demand a say in how our work is used.” With almost \$22 billion at stake, Microsoft’s Technocrat leaders ignored those pleas and went ahead to sell the technology to the Army for combat applications. □ TN Editor

The U.S. Army said Wednesday that Microsoft has won a contract to build more than custom HoloLens augmented reality headsets. The contract for over 120,000 headsets could be worth up to \$21.88 billion over 10 years, a Microsoft spokesperson told CNBC.

Microsoft shares moved higher after the announcement. The stock was up 1.7% to \$235.77 per share at the end of Wednesday’s trading session.

The deal shows Microsoft can generate meaningful revenue from a futuristic product resulting from years of research, beyond core areas such as operating systems and productivity software.

It follows a \$480 million contract Microsoft received to give the Army prototypes of the Integrated Visual Augmented System, or IVAS, in 2018. The new deal will involve providing production versions.

The standard-issue HoloLens, which costs \$3,500, enables people to see holograms overlaid over their actual environments and interact using hand and voice gestures. An IVAS prototype that a CNBC reporter tried out in 2019 displayed a map and a compass and had thermal imaging to reveal people in the dark. The system could also show the aim for a weapon.

“The IVAS headset, based on HoloLens and augmented by Microsoft Azure cloud services, delivers a platform that will keep soldiers safer and make them more effective,” Alex Kipman, a technical fellow at Microsoft and the person who introduced the HoloLens in 2015, wrote in a blog post. “The program delivers enhanced situational awareness, enabling information sharing and decision-making in a variety of scenarios.”

The headset enables soldiers to fight, rehearse and train in one system, the Army said in a statement. The contract, which was awarded on Friday, has a five-year base period, with a five-year option after that, an Army spokesperson told CNBC an email. The Pentagon did not immediately respond to a request for comment.

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